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JULY 8, 1987

RESTAURANTS & INSTITUTIONS

A CAHNERS PUBLICATION SERVING THE TOTAL FOODSERVICE INDUSTRY

50 Years
R&I
1937-1987

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Part I: Financial Report

JULY 8, 1987

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Vol. 97 No. 15

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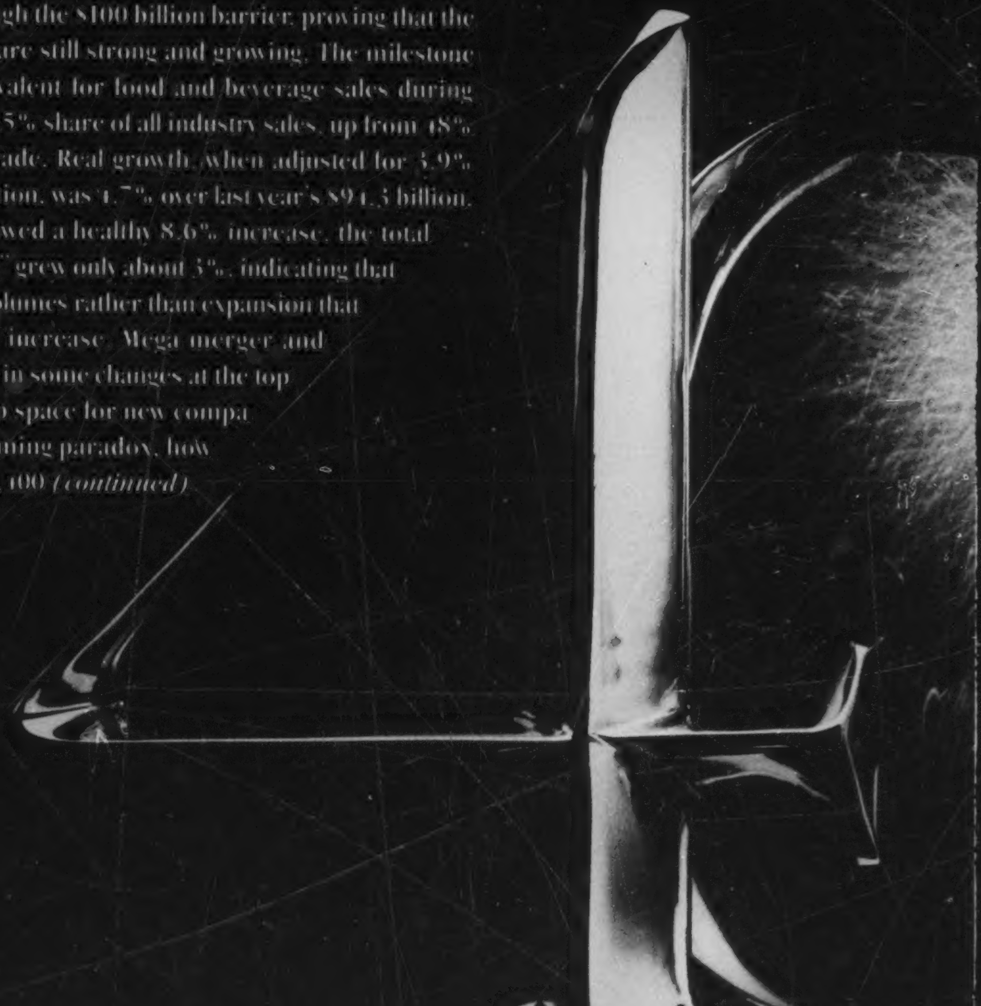
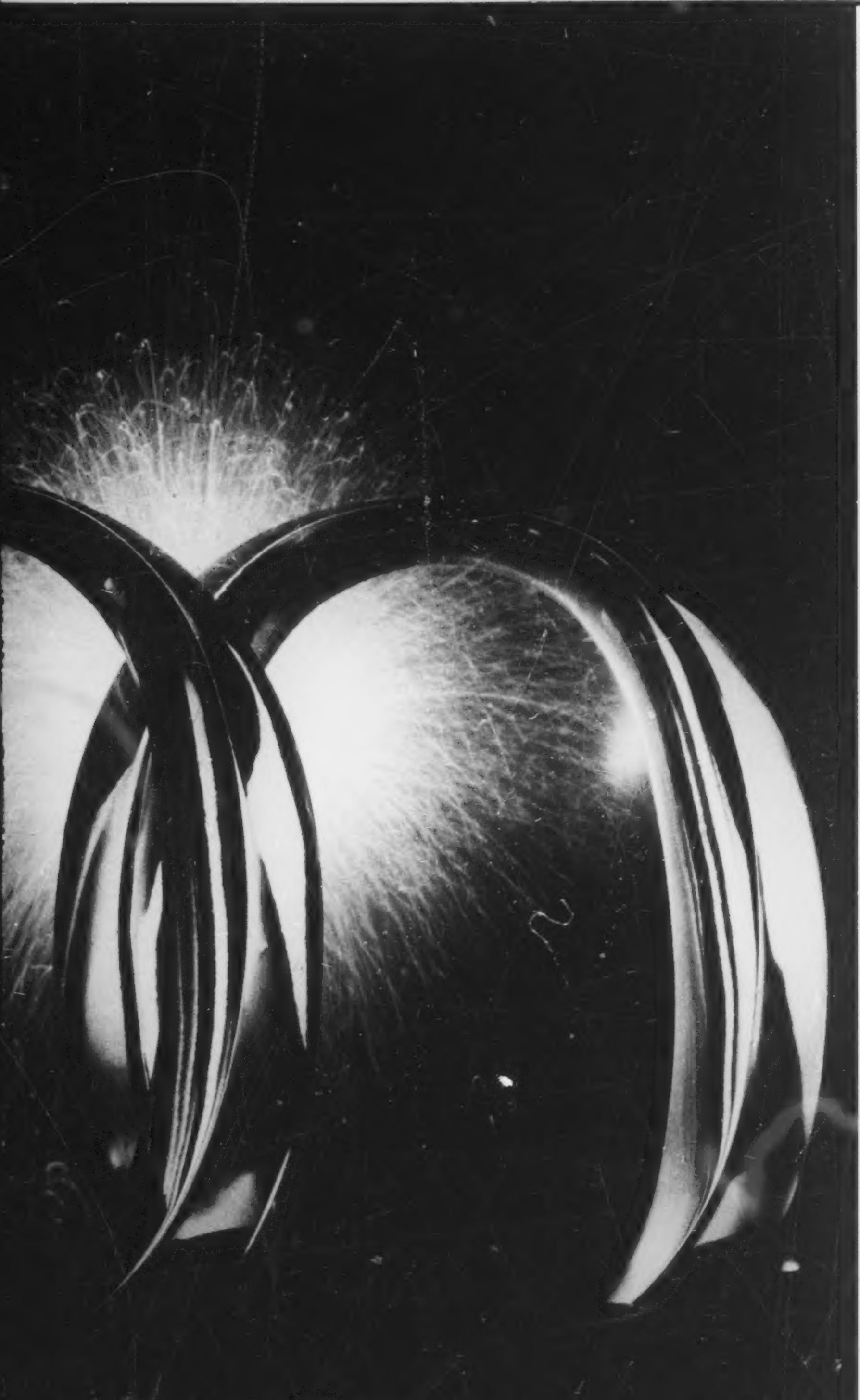
OVERVIEW

Milestone! 1986 "400" Tops $100 Billion

Compared to earlier times, 1986 was certainly not the most exciting year foodservice has ever experienced. Nevertheless, it was the time the *R&I* "400" broke through the $100 billion barrier, proving that the big players in the industry are still strong and growing. The milestone total — $102,432,540 equivalent for food and beverage sales during 1986 — gave the "400" a 50.5% share of all industry sales, up from 48% at the beginning of the decade. Real growth, when adjusted for 3.9% food away from home inflation, was 4.7% over last year's $94.3 billion. While unadjusted sales showed a healthy 8.6% increase, the total number of units in the "400" grew only about 3%, indicating that it was higher average unit volumes rather than expansion that accounted for most of the increase. Mega merger and acquisition activity resulted in some changes at the top of the "400" and opened up space for new companies at the bottom. In a seeming paradox, however, the sales volume for No. 400 *(continued)*



RESTAURANTS & INSTITUTIONS



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400: OVERVIEW

Acquisitions cause top chains to trade places while smaller companies struggle to gain.

dropped from $29 million last year to only $26 million for 1986. The reason is that many of the big losers this year clustered near the bottom of the "400." While it was a good year at the top, business was tough for many companies farther down.

There was 9% turnover in the "400" as 35 new companies took their places in the ranking. Of those that dropped out, 12 were acquired by another member of the "400."

In spite of 1986's major mergers and acquisitions, changes at the top of the "400" were less dramatic than might have been expected. The big change was the result of PepsiCo's acquisition of KFC which moved it into the No. 2 sales spot, unseating Pillsbury. In terms of units, the PepsiCo holdings now outrank McDonald's, 14,811 to 9,410.

It took a sales increase of more than $416 million to push Domino's from No. 16 to No. 12, indicating how tough it is to improve at the top. Even the acquisition of Saga was not enough to propel Marriott from the No. 4 position it held a year earlier. The recently announced purchase of Denny's, however, could finally push this diverse giant into third place.

Even though the rank order of the top companies remained relatively static, there was plenty of wheeling and dealing among major players. The biggest move, again, was PepsiCo's purchase of KFC for $841 million. The acquisition makes PepsiCo the leader in chicken, pizza and Mexican segments.

Marriott bought Saga, then sold Saga's restaurants to a new company called American Restaurant Group, which is headed by former W.R. Grace executive Anwar Soliman. Last month, Marriott announced acquisition of Denny's. Speculation is that many of its Big Boy operations will be converted to Denny's.

Meanwhile, W.R. Grace spun off most of its restaurant operations into a new company called Restaurant Enterprise Group Inc., which is headed by another former Grace executive Norm Habermann. Given the present business climate, buying and selling is likely to continue.

McDonald's, for the 15th year in a row, was first in sales with $12.4 billion, up $1.4 billion (12.7%) from last year. This means the hamburger giant now accounts for 12.1% of the entire "400's" sales figure. In addition, its performance represents 17.2% of the "400's" growth for 1986.

Other leaders in sales growth after McDonald's were Domino's which added $416 million in sales and 715 units, Hardee's with $365 million new sales, and Little Caesars with $180 million. PepsiCo's Kentucky Fried Chicken stores added $400 million, while its Pizza Hut unit grew $275 million. Leaders in unit growth after Domino's were Pizza Hut (676), McDonald's (509) and Little Caesars Pizza (408).

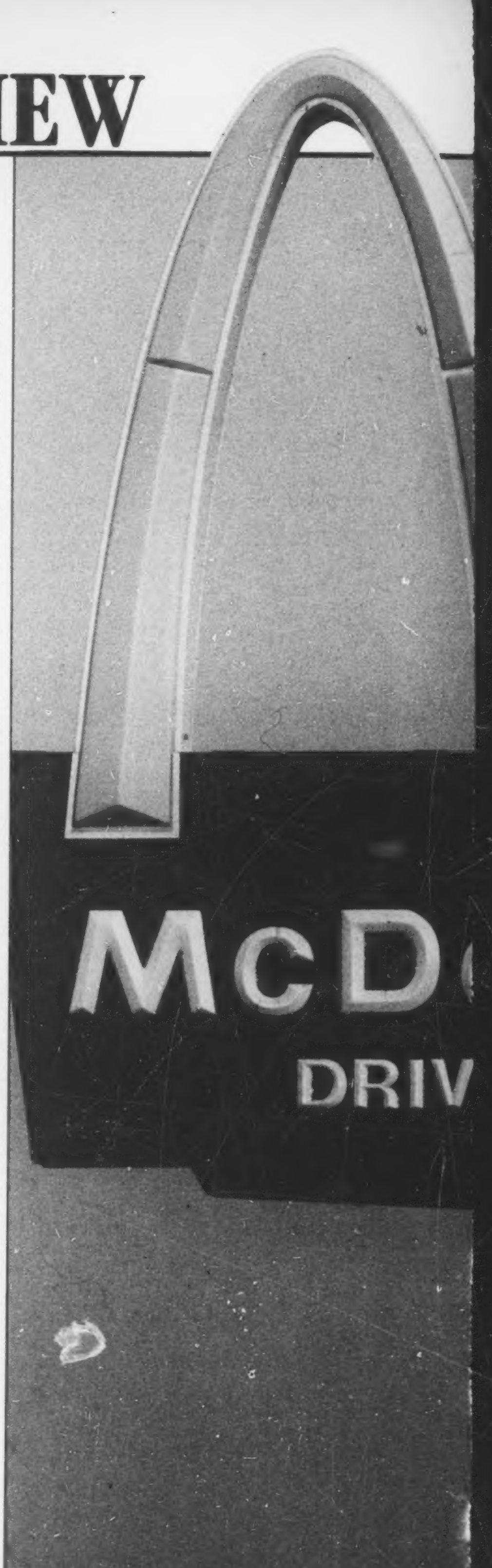
Little Caesars continues, along with Domino's, as one of the hottest chains in the "400," which testifies to the strength of the pizza segment. Since 1982, sales are up 415% and units 376%. During 1986 alone, sales went from $340 million to $520 million, an increase of 53%.

Another pizza company also made a dramatic leap, as Pantera's not only bought Pizza Inn, but also became the new franchisor for Concept Development's former Godfather's units. As a result, sales went from $24 million to $60 million and units from 62 to 120 as the company catapulted into the "400" at No. 232. (Lists of this year's winners and losers, are on pages 32 and 33.)

In the hamburger segment, McDonald's domination is supreme. Its total sales figure is more than twice that of Burger King, a margin which grew again last year. Hardee's continues to press Wendy's, which is riding out a slump, showing sales growth of only 1.9% between 1985 and 1986. While Hardee's did not top Wendy's in sales in 1986, the Imasco unit did outpace its rival in customer traffic.

Advertising among the majors also grew. McDonald's spent a whopping $7.89 million, or 6.3% of its huge sales total on ads. During the year, it embarked on an ambitious and controversial print effort to explain its nutritional position. Ad expenditures for the 10 biggest advertisers totaled $1.348 billion.

Companies that franchise account for nearly 51% of all "400" sales.



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'400' COMPANIES AND THE INDUSTRY

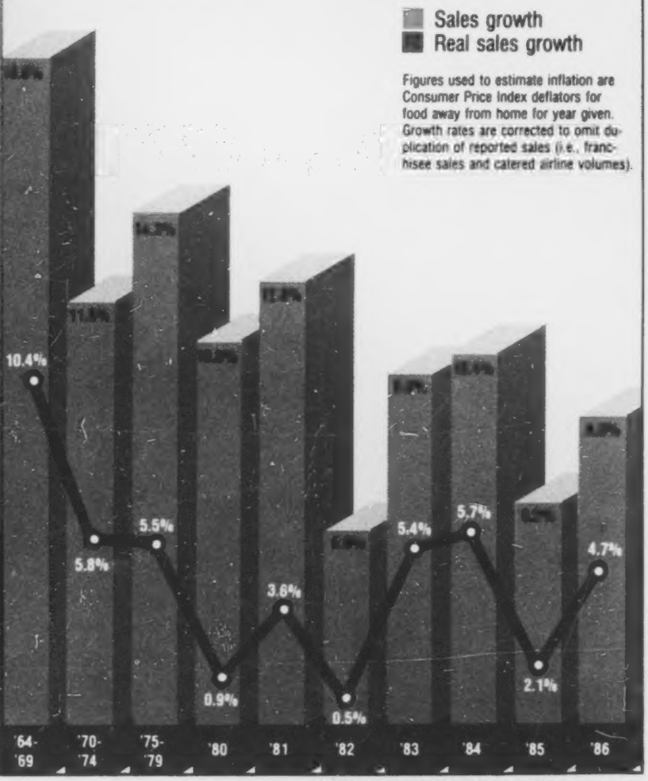
Total sales for the "400" rose once again to hit 50% of total foodservice sales, matching 1983's performance, after dropping to 49% in 1984 and 1985.* The "400" showed growth of 8.6% for the year. When estimated inflation for food away from home (3.9%) is factored in, the real growth rate was 4.7%.

	'65	'70	'75	'80	'85	'86
Total U.S. foodservice market sales ($ billion)	31	47	78	129	192	203
Total "400" company sales ($ billion)	10	18	33	62	94	102
Inflation rate based on CPI for food away from home	2%	7%	9%	10%	4%	4%
"400" companies as a percent of foodservice industry	32%	38%	42%	48%	49%	50%

*Total foodservice industry sales for 1984 and 1985 adjusted; "400" percentage adjusted accordingly. All figures are rounded to the nearest whole number. Total sales figure for "400" corrected to omit duplication—franchisee sales and catered airline volume subtracted.

UPPING THE ANTE IN REAL GROWTH: THE '400' SCORES BIG REAL-GROWTH GAIN

After a sharp decline in real growth for 1984-1985, the "400" rose back to its more normal, high-rolling self. Mergers and acquisitions on the high end of the "400" made room for new sales dollars, while still including those that "disappeared" into new foodservice conglomerations.



Figures used to estimate inflation are Consumer Price Index deflators for food away from home for year given. Growth rates are corrected to omit duplication of reported sales (i.e., franchisee sales and catered airline volumes).

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400: OVERVIEW

Of "400" companies, 28.5% now provide foodservice in institutional environments.

The industry spotlight is most often focused on the commercial giants. But today, some of the more interesting activity centers around foodservice management companies. In recent months, ARA, having sucessfully completed its leveraged buyout, purchased Szabo. Marriott, absorbed the Saga contract management operations; Morrison's bought Custom Management, and Greyhound has made an offer for Carson Piries Scott's airline catering business.

The growing strength of the "400's" institutional giants is further illustrated by the fact that this year 114 members operate in institutional environments, up from 109 last year.

Some smaller and newer companies are also doing well. Mrs. Fields' will expand beyond cookies with its purchase of PepsiCo's La Petite Boulangerie. Newcomer Huddle House plans to open 25 24-hour breakfast stores in '87. Aggressive Schlotzsky's added 30 units in '86; plans 40 more this year.

The Riese Organization proved that a powerful franchisee can force peaceful coexistence on otherwise competetive concepts. Its new vertical mall in New York City houses Roy Rogers, Dunkin' Donuts, Pizza Hut, National Frankfurter and Beefsteak Charlie's.

"If you can't beat 'em, join 'em," was also the attitude toward c-store operations. Both Hardee's and Church's launched joint ventures with 7-Eleven, while Circle K attracted Pizza Inn and Dunkin' Donuts. Even a smaller c-store chain such as Little General was able to attract a strong partner in Godfather's.

Looking ahead to 1987, the members of the "400" face challenges that are part of a maturing industry. The public, once enchanted with the idea of eating out, is now easily bored. Simply introducing new marketing concepts and new products no longer is enough.

The customers of the '90s will demand more than speed and convenience. They also will demand service. Defining what that service level is and how it can be provided on a mass basis will be the challenge that faces members of the "400" during the latter part of the decade. Those who first unlock the secret will be tomorrow's "400" stars.

Full-service chains such as Bob Evans do $3 billion of the "400's" sales.

NEW TO THE "400"

- New York City Dept. of Procurement
- Hospital Purchasing Services
- Illinois Dept. of Central Mgmt. Services
- THF-Eastern
- TCBY Ent. Inc.
- U.S. Restaurants Inc.
- Pantera's Corp.
- Commonwealth of Pennsylvania Dept. of Public Welfare
- New Jersey Dept. of Corrections
- Florida Dept. of General Services
- Vall Ent.
- Pennsylvania Dept. of Corrections
- Jerry's Systems Inc.
- Huddle House Inc.
- Sonesta Intl. Hotels Corp.
- LaRosa's Inc.
- Amerinet/Intermountain Health Care
- Heidman Inc.
- 4B's Restaurants Inc.
- Olga's Kitchen Inc.
- Casa Olé Restaurants & Cantinas
- Rosewood Hotel Group
- Texas Dept. of Corrections, Food Service Dept.
- The Management Group Inc.
- Vie de France Restaurant Corp.
- Busch Entertainment Corp. Recreation
- Allen & O'Hara Inc.
- Perk Development Corp.
- Fairfax County Public Schools
- Pappas Restaurant Inc.
- State of Tennessee Dept. of Corrections
- The Pasta House Co.
- Grand American Fare
- Pepe's Inc.

400: BACKGROUND

■ RANKING THE '400'

Taking Apples and Oranges and Making Them Equal

The rules of ranking the *R&I* '400.'

If all foodservice companies were the same, ranking the *Restaurants & Institutions* "400" would be simple. But foodservice organizations are a mixture of apples and oranges that range from closely held family businesses to government institutions, with fiscal years ending at various times throughout the year. Because of this, *R&I* establishes certain rules in an attempt to put all organizations on equal footing.

Foodservice sales (for commercial operations) or purchases (for institutional operations) were accepted only for the calendar year 1986 or a fiscal year that ended after July 1, 1986. Projections through June 30, 1987, were accepted.

The sales figure listed for companies that franchise includes both domestic and international stores as well as sales in franchised units. The figure does not include royalties or franchise fees.

A multiplier (2.8) was applied to the purchasing figure for all institutional organizations to arrive at a commercial sales equivalent. This is done because most institutions do not sell their food, or if they do, the markup usually is not as great as in commercial operations. The 2.8 multiplier translates into a food cost of about 35.5%, about midway between fast-food and full-service restaurants.

A multiplier (1.5) was applied to airline food and beverage purchases from caterers to reflect the markup already applied by the caterers. Raw food and beverage purchases by airlines receive the full 2.8 multiplier.

Companies that could not or would not separate their food and beverage sales or purchases from other company revenues (from other lines of business) were estimated by *R&I*. All sales or unit figures estimated by *R&I* are marked with one asterisk (*).

Sales or unit figures that were estimated by the foodservice organization itself are indicated by two asterisks (**). Any data that was given for a fiscal year ending other than Dec. 31 is so indicated in the paragraph accompanying each listing.

A footnote (A) is used to indicate the previous year's data inadvertently included sales or purchases other than food and beverages (from gift shops, cover charges, gasolines sales, etc.).

A footnote (B) is used to indicate a company has employed a new method of reporting, usually a switch from calendar year to a fiscal year, or a change in accounting for units (from accounts to actual serving locations, etc.).

A footnote (C) indicates a company has estimated the sales of its franchisees.

A footnote (R) indicates the figure that appeared in last year's "400" has been revised, usually because the company has provided more detailed information about past results.

All sales figures are listed in millions. In the accompanying paragraphs, the abbreviations MM and K are used to signify millions and thousands, respectively. The abbreviation AUV is used for annual average unit (sales) volume. Fy is used to designate fiscal year and co. is the abbreviation used for company.

Companies are listed under a parent company name if the parent company operates more than one foodservice concept.

Companies that were acquired or merged during 1986 are listed on their own in the 1986 *R&I* "400" if they operated independently for more than half of 1986.

In the case of a tie (two or more organizations with the same sales figure or commercial equivalent), the following tie-breaking rules apply: Organizations that provided actual sales were ranked first. If two or more organizations fell into this category, they were listed alphabetically. Companies that provided an estimated sales figure or a projection of sales for a fiscal year ending after the questionnaire deadline were ranked next. Companies whose sales were estimated by *R&I* were ranked last.

AND THE WINNAH IS . . .

Huge sales gains were seen by a number of "400" companies . . . some the result of merger and acquisition activity during 1986. The winner is Pantera's which bought Pizza Inn and became the franchisor for Concept Development's former Godfather's.

Company	Sales gains
Pantera's Corp.	150.0%
Doubletree Inc.	142.9
PepsiCo Foodservice Div.	135.3
MHM Inc.	131.5
The Mariner Corp.	128.5
Ryan's Family Steak Houses	90.9
Trans World Airlines Inc.	88.6
National Medical Ent.	88.5
International Foodservice Co.	86.4
Chili's Inc.	67.6
Wom Ent. Inc.	60.1
Guest Services Inc.	58.7
University of Wisconsin System	56.5
Interstate Hotels Corp.	55.3
Trusthouse Forte Hotels Inc.	54.5
Little Caesar Ent. Inc.	52.9
Red Robin Intl.	51.1
Doctors Associates Inc.	48.9
Dayton Hudson Dept. Store Co.	48.3
Nutrition Mgmt. Services Co.	45.8

Note: Companies with sales estimated by *R&I* or that employed a change in the method of reporting are not included

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DOMINO'S PIZZA
1985 CHANGEMA
DOMINO'S PIZZA
DOMINO'S PIZZA
Free Delivery

Being a single concept company, Domino's sales are easy to find within Domino's Pizza Inc. Taco Bell, however, is part of PepsiCo. Therefore, Taco Bell's sales are included within its parent company's sales.

YOU'VE LOST THAT GROWING FEELING . . .

Americana Hotels is in the process of selling its remaining hotels. Victoria Station is still trying to get back on track. A noticeable number of the companies that showed sales drops between 1985 and 1986 were at the low end of the "400."

Company	Sales losses
Americana Hotels Corp.	−55.8%*
Victoria Station Inc.	−33.8*
Rodeway Inns Intl. Inc.	−28.4**
Lifestyle Restaurants Inc.	−27.4
U.S. Marine Corps Military Clubs Branch	−23.5
Mr. Steak Inc.	−23.4
G.D. Ritzy's	−20.7
Swensen's Ice Cream Co.	−20.2**
CVI Service Group Inc.	−19.6
State of Kansas Div. Purchasing	−17.2
Monterey House Inc.	−17.1
Adventist Health System	−16.6
Frontier Ent.	−14.9
Consul Restaurant Corp.	−14.8**
Hospitality Intl. Inc.	−14.8**
Sky Chefs Inc.	−14.2
Southern Hospitality Corp.	−14.2**
Dino's USA Inc.	−11.1
AIFAM Ent. Inc.	−10.5
Shakey's Inc.	−10.5

*Based on *R&I* estimate; **based on company estimate.

sa
Stuart Anderson's
CATTLE
COMPANY
RESTAURANT

Stuart Anderson's: from Saga to Marriott to American Restaurant Group.

■ MERGERS & ACQUISITIONS

The Growing Doesn't Stop When Companies Hit Top

'400' top 20 active in latest merger activity.

To see the scope of merger and acquisition activity during 1986 and 1987, look no further than the top 20 companies in last year's *R&I* "400." No fewer than six of these companies—PepsiCo, Marriott, Kentucky Fried Chicken Corp., Trans World Corp., Saga Corp. and the W.R. Grace Restaurant Group—were major players in the buy-or-be-bought scene. (For the Marriott-Saga story, see sidebar.)

PepsiCo moves from No. 3 in the 1986 "400" to No. 2 this year by acquiring No. 5 **Kentucky Fried Chicken Corp.** from **RJR Nabisco** for $841 million. The sale came less than four months after RJR Nabisco said it had no plans to sell KFC. The purchase makes PepsiCo the parent company of more restaurants than McDonald's and gives PepsiCo the largest single-company market share in the chicken, pizza and Mexican segments.

Trans World Corp. remains in this year's top 10, but only after slimming down to become a new company, **TW Services**, to head off a takeover bid. What remains is Spartan Food Systems Inc., Canteen Corp. and American Medical Services Inc. Gone is Hilton International Hotels, sold to **Allegis** (formerly UAL) for $980 million. The acquisition adds 88 hotels to the 61 Allegis already owned through its Westin Hotels division.

A year ago, it appeared that Anwar Soliman would be heading the leveraged buyout of a majority of the **W.R. Grace Restaurant Group**. But when Soliman dropped out of sight (only to re-emerge as part of the American Restaurant Group), Norman Habermann, another management member of the Grace Restaurant Group, stepped forward to complete the transaction as 1986 ended.

The new organization, known as the **Restaurant Enterprises Group**, Irvine, Calif., is made up of about 690 restaurants under such names as El Torito, Coco's, Carrow's, Reuben's, Charley Brown's, Darryl's, Houlihan's, Bristol and Devon.

But the sale does not remove W.R. Grace from the restaurant industry. Grace retained warrants allowing it to purchase a 47% equity share in Restaurant Enterprises Group. Grace also kept 182 restaurants under the Del Taco and Taco Villa names, 36 Applebee's and acquired the eight-unit The American Cafe operation based in Washington, D.C.

But a company did not have to be in the top 20 to be involved in merger and acquisition activity.

After successfully fighting off an acquisition attempt by **USACafes** in 1985 and 1986, **Ponderosa** was taken private in December 1986 by an investor group led by Asher Edelman. Ponderosa officials rejected an offer of $27.50 a share from Edelman's group, but later agreed to one of $29.25.

For months, **Pizza Inn** management, led by Chairman F.J. Spillman, had been attempting to acquire the company by way of a leveraged buyout. But when plans stalled, **Pantera's Inc.** stepped in with a $45 million offer to purchase the Dallas-based chain of more than 700 units. Pantera's also grabbed the 40-unit Inland Pizza Corp., which operated Godfather's outlets in the Denver area. Rather suddenly, Pantera's of St. Louis has gone from a respectable 120 restaurants to a powerful operation in excess of 850 units.

Carson Pirie Scott & Co. in June 1986, agreed to a joint venture catering operation with SAS Service Partner, an affiliate of Scandinavian Airlines Systems. Three days later, Carson announced it was selling its 124 Steak

Kentucky Fried Chicken
Drive ➔ Thru

KFC joined the PepsiCo stable.

'n Egg Kitchen restaurants to Diversified Hospitality Group.

Restaurant Associates Industries Inc. strengthened its Acapulco chain, which it purchased in 1985, by acquiring the 10-unit Casa Vallarta chain in California for $8 million in cash. The Casa Vallartas will be converted into Acapulco restaurants as part of a company program to increase Acapulco from 31 restaurants with $49 million in sales to 41 restaurants grossing $70 million within about a year. Staying true to its diversified background, Restaurant Associates also bought the six-unit The Office group of informal neighborhood restaurants in New Jersey.

The biggest Burger King franchisee changed hands during 1986 as **Carrols Corp.** was purchased by a group made up of David Conner, Carrols president, other members of Conner's management team and Morgan Ventures III, a company led by Alan Vituli and Peter Weidhorn. The acquiring corporation spent about $88 million to purchase all of Carrols' outstanding shares.

Chili's Inc. and Sunstate Restaurant Corp. became joint venture partners in 14 Chili's already operating in Florida and Georgia. Chili's made the acquisition by tendering Sunstate 405,000 newly issued shares of Chili's common stock.

Where sausages are, will restaurants follow? It seems likely for **Bob Evans Farms**. The company in January 1987, purchased Owens Country Sausage Inc., Richardson, Texas. Like Bob Evans, Owens produces and distributes sausage products. Owens had only one restaurant at the time of the purchase, but it appears probable that Bob Evans will expand the company's restaurant operations into Owens' Southwest and South strongholds.

Prufrock Restaurants, made up of 40 Black-eyed Pea and five Dixie House restaurants, was sold to Unigate PLC for more than $40 million. Unigate, a British company, also owns **Casa Bonita**. Both Prufrock and Casa Bonita are based in Dallas.

Other highlights from the 1986-87 period included:

- **McDonald's** purchased 12 units franchised to **Conquistadors Inc.** and about 32 units franchised to **McDonald's of Greater Cincinnati**. In the latter transaction, the Cincinnati company's six remaining restaurants were divided into three groups and McDonald's of Greater Cincinnati was disbanded.
- **Jerry's Subs and Pizzas** acquired one established concept, eight-unit Jack's Food Systems Inc., and a brand new one, Backyard Burgers, developed by a Jerry's franchisee.
- **Nestle** merged its Stouffer and Borel restaurant divisions. Borel moved its offices from San Mateo, Calif., to Stouffer headquarters in Solon, Ohio.
- Reliance Group Holdings Inc. announced it owned or controlled 45% of **Days Inn Corp.** stock following the purchase in December of 777,750 shares.
- Ronald Higgins led a group of company executives in the inside leveraged buyout of **Trans/Pacific Restaurants Inc**. No sale price was released for the December purchase of 53 restaurants under nine different formats that are located in California and Hawaii.
- **Friendly Ice Cream Corp.** bought 35 restaurants, 23 from Litchfield Farms Shops Inc. and 12 from Idlenot Farms Restaurants Inc.

—Brad Stratton

Straw Hat PIZZA

Some Straw Hats will become Pizza Huts.

Saga

Among the year's most complex restaurant stories was the Saga saga. Saga, the former diversified food giant, was ranked No. 14 in the 1986 *R&I* "400"; a year later parts of it appear in three different places. The ink on the June '86 agreement between Saga and Marriott had barely dried when Marriott sold the Straw Hat Restaurant Inc. pizza chain to Pepsico's Pizza Hut Inc. The sale to Pizza Hut did not include the Straw Hat franchise system. Five other operations that were part of the Saga deal —Stuart Anderson's Black Angus, Grandy's, Velvet Turtle, Spoons and Spectrum Foods— were sold to the American Restaurant Group Inc. of Newport Beach, Calif. Marriott retained Saga's foodservice group and incorporated it within its own food management division.

400: ADVERTISING

■ ADVERTISING

Latest Batch of Ads Leaves Nothing Uncovered

The burger wars continue as more companies vie for fewer customers.

Customers, not competitors, have become the new target in the foodservice advertising wars. While some companies still level shots at each other, most are courting the public with persuasive, image-heavy ads.

McDonald's, the No. 1 "400" company, spent $789 million, or 6.3% of sales on advertising and promotion last year. The company spent $12 million of that on a series of magazine ads designed to address consumers' growing preoccupation with food and nutrition.

The ads present burgers, fries and shakes McDonald's-style as high-quality and nutritious food. One of the ads, titled "What we're all about," shows a package of ground hamburger and a whole potato balancing atop a bottle of milk. A few paragraphs of copy explain that those fresh, prime ingredients are the essence of McDonald's' hamburgers, fries and shakes.

Not everyone agrees. Attorneys general in Texas, New York and California have said they believe the ads are misleading.

McDonald's national advertising retained the "It's a Good Time for the Great Taste of McDonald's" theme. The television commercials supporting that theme "communicate warmth and respect for customers," according to McDonald's.

Product rollout advertising, such as "Takin' Breakfast by the Hand," helped roll out the new breakfast biscuit, as well as the Sausage McMuffin with Egg. And the company says its most successful promotion was that for Chicken McNuggets Shanghai, which ran for six months in 1986. Leo Burnett U.S.A. creates all McDonald's advertising.

Burger King, with a budget of $200 million, presented two images to the public. The year started out with "This is a Burger King Town. We know how burgers should be." Both that campaign and the current "The Best Food for Fast Times" were created by J. Walter Thompson/New York. Burger King announced in May that the agency is up for review.

How we're getting a handle on cholesterol.

2% LOWFAT MILK
Balance.

WHO'S SPENDING WHAT

Last year, McDonald's spent twice as much on advertising as did the rest of the top 20 companies combined. Most companies peg their advertising budget to a percentage of sales, so exact figures for this year are not available. Spot television proved the most popular medium, followed by radio, newspapers, direct mail, outdoor and national television.

Company	Ad budgets in millions 1986	1987
McDonald's	789.0	—
Pillsbury	230.0	—
Wendy's	140.0	—
Imasco USA	105.0	130.0
Dunkin Donuts	25.0	26.0
USACafes	16.5	22.0
Carl Karcher Ent.	13.0	13.9
Rax Restaurants	13.0	—
Whataburger	9.0	10.8
Krystal	7.5	—
Po Folks/Davco	6.0	—
IHOP	6.0	7.0
Round Table Pizza	6.0	—
Winners Corp.	6.0	6.2
National Pizza Co.	5.7	7.1
Bob Evans Farms	5.5	7.0
Arby's	5.0	—
Druthers Intl.	4.9	5.0
Franchise Ent.	4.2	6.0
Po Folks/Po Folks	4.0	—
Pantera Corp.	4.0	—

Wendy's spent $140 million, or about 5.1% of sales, reacquainting its customers with the hamburger. "This is the Good Stuff" marked the introduction of the Big Classic, a quarter-pound hamburger on a kaiser roll, delivered in a package that imitates the shape of the roll.

In another back-to-basics move, the company rehired Dick Rich Inc., creator of the Hot 'n Juicy campaign of the early 1980s to replace DFS Dorland Worldwide. The new agency devised "Take A Little Nibble," which depicts passersby grabbing bits of a huge hamburger.

Some companies still fight by the method popular in the earlier part of this decade. Hardee's, in an all-out effort to overtake Wendy's as the No. 3 burger chain, continued waging the burger war with its "We're Out to Win You Over" campaign. Without naming names, the ads pointed to the competition's raw product and cooking methods and compared them to the Hardee's way.

Rax Restaurants, the 500-unit chain based in Columbus, Ohio, also chose Wendy's as its target. A series of ads tagged neighbor Wendy's as a "copycat" chain, charging that Wendy's followed Rax with baked potatoes, salad bar and specialty burger rollouts. Another Rax campaign, "Fast Food With Style," simply assured customers that the chain indeed falls in the fast-food league.

ARCO's chain of convenience stores, am/pm, advertises its hamburgers with billboards that say, "Too Bad, McDonald's. Sorry, Burger King. Tough Luck, Wendy's." The chain rolled out its precooked burger program early in 1986.

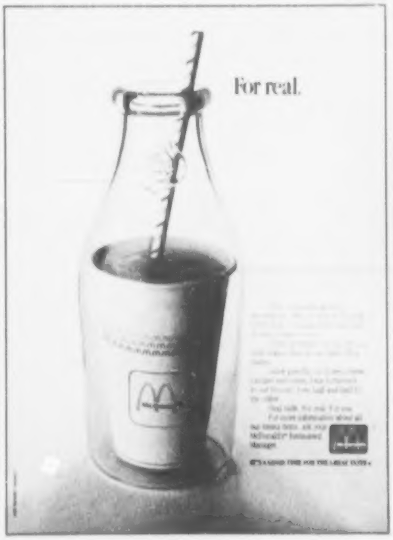
El Pollo Asado, the 42-unit chain specializing in charbroiled chicken, indirectly went after Kentucky Fried Chicken. A series of TV commercials showed a counter person asking "Y'all want greasy or extra-greasy?" and handing out red-and-white striped buckets of chicken.

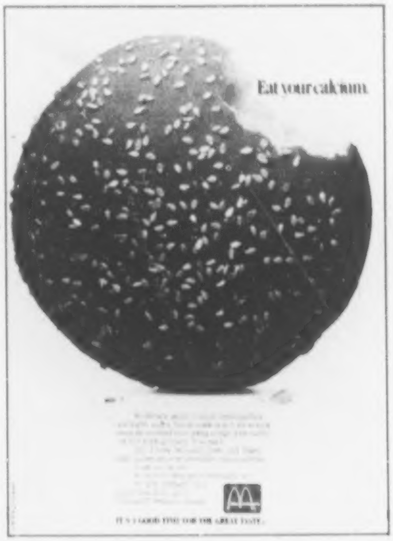
The ads managed to attract the attention of Kentucky Fried Chicken attorneys, who claimed the patterned buckets are a registered trademark. El Pollo Asado attorneys disagreed, but substituted a plain white bucket.

The institutional side of foodservice is advertising to potential customers accustomed to a certain standard of living. Michael Reese Hospital, Chicago, opened its 11-room Centennial Suite last July.

Ads in regional magazines show a cooked lamb chop and call it "The Latest Treatment at Michael Reese." A new version of the ad, featuring fish, was due out in spring. The campaign, part of an extended promotion of the Centennial Suite, will end in September. ***—Lisa Bertagnoli***

McDonald's has spent $12 million so far on magazine ads detailing the nutritional value of burgers and fries.


For real.
It's a good time for the great taste.


Eat your calcium.
It's a good time for the great taste.

PLACING A HEALTHY CAMPAIGN

McDonald's has run print ads before, but not on the scale of the campaign that advertises the nutritional benefits the chain's food offers. The campaign is costing about $12 million annually. Full-page ads run in the following magazines:

Better Homes and Gardens . . . Good Housekeeping . . . Ladies' Home Journal . . . McCall's . . . Woman's Day . . . Ebony . . . Los Angeles Times . . . Newsweek . . . The New York Times Magazine . . . Parade . . . People . . . Reader's Digest . . . Sunday-Chicago Tribune Magazine . . . Sunday Examiner & Chronicle . . . Time . . . TV Guide . . . American Health . . . Health . . . Prevention . . . Forecast for Home Economics . . . Journal of the American Dietetic Association . . . New England Journal of Medicine

400: FRANCHISING

FRANCHISING

Edging Ahead in the Numbers Game

Many companies remain convinced that franchising is the best way to grow, both at home and abroad.

Most analysts agree that the rush to franchise will slow little during the next few years. Restaurant franchise sales totaled $51 billion in 1986, up 8% compared to the previous year, and another 13% increase is expected for 1987 (U.S. Department of Commerce figures). A study conducted by the Naisbitt Group for the International Franchise Association predicts that franchising will account for fully half of all retail sales by the year 2000.

Restaurant franchisors continue to cash in on the trend. The granddaddy of them all, McDonald's, now has more than 9,400 outlets, of which about 7,100 are franchises; more than 2,000 of those are overseas.

Kentucky Fried Chicken, Pizza Hut and Taco Bell all depend heavily on franchising for expansion—in fact, franchises of PepsiCo's big three add up to 8,724, well over half of the total 14,664.

None of those chains can challenge McDonald's numbers by itself, however. The closest competitor is KFC, which now approaches 6,600 units. Pizza Hut comes next at approximately 5,650 stores, while Taco Bell checks in with about 2,450 units.

An overwhelming majority of Burger King stores are franchises—3,905, compared to only 838 that are company owned. For every company-owned Hardee's, two are franchises. Wendy's, another burger giant, bucks the franchising trend; only a small fraction of its 3,727 stores are held by franchisees.

Franchising has helped Domino's hold its lead in the home-delivery race—all but 995 of the company's 3,606 stores are franchised.

The franchising of Subway Sandwiches has been a means to explosive growth for Doctors Associates, a relatively new company. Doctors charted a 56% growth rate for 1986, winding up with 987 units and a promise to at least double in size this year.

Franchisors have a seemingly bottomless need for hourly personnel: In 1985, they employed 6.3 million work-

continued on page 52

The taste for Italian food remains strong, helping Pizza Hut's franchisees find profitable ways to cut the pie.

400: FRANCHISING

International expansion and dual concepts are two ways to pull ahead of other franchisors.

ers, including part-time personnel, and that figure will probably surpass 7 million by the end of 1987. The recruiting task becomes ever more difficult as the demographic facts of life eat into the traditionally youthful work force.

As a result, operators have launched campaigns to tap other parts of the population; carefully defined jobs and flexible schedules are used to entice senior citizens, handicapped people and homemakers into the work force. In areas where competition for labor is intense, franchisors are paying double or even triple the minimum wage.

As market saturation begins to threaten the success of their new domestic units, many companies are looking abroad for growing room. McDonald's leads the foreign invasion, reporting 2,138 outlets overseas; all but 678 of these are held by franchisees. Seeking new markets, the company has erected Golden Arches in countries as remote as Turkey and Argentina.

In a similar quest for foreign dollars, KFC now ranges far beyond the Bluegrass State in selecting new sites. The PepsiCo subsidiary now claims 1,855 foreign outlets; 666 of those are company owned, although the firm sold 50% of its interest in 333 stores in the United Kingdom to Trusthouse Forte, the hotel/catering giant.

Both International Dairy Queen and Baskin-Robbins have introduced their ice cream creations worldwide in significant numbers. Baskin-Robbins reports 769 stores overseas, compared to IDQ's total of 580 units. With 629 and 402 foreign units, respectively, Pizza Hut and Burger King are building a substantial presence in international markets. For the moment, at least, Domino's and Wendy's lag behind in numbers of foreign units.

You can now buy one of Burger King's Whoppers as you stroll the Champs Elysées or taste a Dairy Queen confection in the Far East, Middle East and Caribbean. Although most of Arby's 74 foreign outlets are in Canada, you can also buy one of the company's roast beef sandwiches in Japan, the Philippines, the Virgin Islands and China.'

LEADING FRANCHISORS

The healthy profit margins of these companies attest to the value of franchising.

Company	Company-owned units	Franchised units
McDonald's	2,301	7,109
PepsiCo		
Kentucky Fried Chicken	1,912	4,463
Pizza Hut	2,700	2,946
Taco Bell	1,328	1,115
Pillsbury		
Burger King	838	3,905
Wendy's	3,375	352
Domino's	995	2,611
Baskin-Robbins	184	2,358
Arby's	199	2,232
Imasco		
Hardee's	929	1,893
Marriott		
Big Boy	170	729
Roy Rogers	206	551

The latest scoop: Baskin-Robbins has a lively franchising program.

400: FRANCHISING

HOTEL SEGMENT MAKES FRANCHISING NEWS

Adams Mark took the first step towards franchising by moving from wholly owned hotels to management contracts with limited equity. The company thinks its good name and superb infrastructure will be an asset to independents.

Days Inns Corp., one of the fastest growing companies in the mid-priced segment, has added 33 new franchises in '87, bringing the total number to 422 from 389. In a joint endeavor, the company is testing Wendy's food in several motels.

The Princess Acapulco serves Italian as well as Mexican food.

Omni Hotels has announced the offering of franchises to owners, operators and developers of first-class hotels. The incentive will be Omni's good name and strong customer base.

Prime Motor Inns bought the Howard Johnson restaurant group and promptly sold it to a franchisee group.

Of Trusthouse Forte's 440 U.S. properties, 200 are joint ventures, 180 are franchises and the remaining 60 are wholly owned.

Franchisors are coping with the labor problem by offering high wages.

You can find a Long John Silver's Seafood Shoppe in four locations in Singapore. Among the 142 Dunkin' Donuts locations outside the United States, 18 are in Thailand and 15 in Korea. Taco Bell, the largest Mexican fast-food chain, has introduced its south-of-the-border delights to such exotic locales as Guam and Australia.

According to *Hotels & Restaurants International*, more than 60 American chains now count outlets overseas. The number is likely to increase by 50% before 1987 runs its course.

Although Europe remains the staple of franchisors looking for new markets, the Pacific rim countries, such as Australia and Guam, are really hot. Central and South America also hold considerable appeal. And a particularly coveted location is the Soviet Union; for years, McDonald's and Pizza Hut have been negotiating for franchising rights in that country.

Despite the fact that many fast-food chains still are trying to gain a foothold in foreign lands, few have done so successfully. According to *H&RI*, analysts agree that only McDonald's and Kentucky Fried Chicken have posted significant profits as a result of their activities in other countries. Their competitors continue to struggle with obstacles that include cultural differences and a lack of adequate suppliers.

In addition to international expansion, franchisors are looking for other ways to sharpen their edge in a highly competitive market. The combination franchise, which joins two or more concepts under the same roof, is one such solution.

Noting the increasing interest of convenience stores in offering fast food, some companies are striking deals to corner part of that market. For example, Hardee's is running a joint test with two 7-Eleven convenience stores in St. Louis.

Double drive-thru units, home delivery and mobile units are other approaches franchisors are using to beat out their competitors.

In spite of the heavy competition and risks faced by franchisors, others are entering the fray at a record pace. A total of 273 firms started franchising in 1985, an 8% increase over the year before, according to the U.S. Commerce Department.

Wendy's is looking to the Far East for franchising opportunities.

400: CHAINS 50

CHAINS 50

Caesars Is Little No More

Pizza chain shows strong growth; McDonald's still holds No. 1 spot.

The Golden Arches continue to dominate the Chains 50.

Michael Ilitch should consider dropping the "Little" from his company's name. Little Caesars Pizza made the strongest move in the 1987 *R&I* Chains 50, bounding from No. 28 to No. 22.

"1986 was a continuation of a high growth period that Little Caesars has been in since 1982," says Susan Sherbow, the company's public relations manager. She says sales have grown 415% and units 376% during that period. Little Caesars $180 million sales increase, from $340 million to $520 million, represents a percentage increase of 53%. This is easily the leading percentage increase within the group.

But despite its strong move, Little Caesars is still a good distance from McDonald's, the company that dominates the Chains 50 as it does the "400." The Oak Brook, Ill.-based chain increased sales by nearly $1.4 billion to $12.4 billion, a figure that approaches being 2½ times the size of its nearest competitor, Burger King. McDonald's sales increase of 12.7% also is better than the Chains 50 average, which is 11.1%.

And just as McDonald's maintained its top position, most of the top 13 did the same. Only two, Domino's and Taco Bell, changed places. Gross sales growth for this group varied, with Wendy's having the least with 3.1% and Domino's the most with 38.4%.

There was more movement among those with less sales than Little Caesars. Among these movers were five new members of the Chains 50: Carvel, Piccadilly, Whataburger, Ground Round and Bob Evans Farms. These companies forced Shakey's, Po Folks, Village Inns, Luby's and Waffle House from the list.

The new members of the Chains 50 are a diverse lot. Carvel enters the chart at No. 35, although revised '85 sales figures show it should have been ranked at the same position last year. Piccadilly added 11 cafeterias and boosted sales 14.5%. Whataburger sales grew at an even stronger 21.6%. Ground Round showed its turnaround was a yearlong event by increasing sales despite having fewer units. And the last entry of the list, Bob Evans Farms, got there through strong growth, posting a 29.4% increase from its '85 sales.

With new members comes a collection of departing chains. But by no means did all of these companies have bad years. True, Shakey's (No. 45 in '86) and Po Folks (46) left the listing because of a decline in sales and Village Inns (47) only managed a marginal increase. However, Waffle House (49 in '86) was edged out of the listing by $500,000 while Luby's Cafeterias (50) missed by less than $5 million.

—***Brad Stratton***

Little Caesars Pizza
ENTERPRISES, INC

DOMINO'S, LITTLE CAESARS POST STRONG GROWTH FIGURES

Pizza chains, especially two from Michigan, dominate the statistical performance categories from this year's Chains 50. Domino's is the only chain to appear in all four listings while Little Caesars leads both percentage growth categories. But it was that chain from Illinois, McDonald's, that posted the biggest bottom line sales growth.

Sales growth (in millions)	
McDonald's	$1,399.1
Burger King	500.0
Domino's Pizza	416.0
Kentucky Fried Chicken	400.0
Hardee's	365.0

Percentage of sales growth	
Little Caesars Pizza	52.9%
Domino's Pizza	38.4
Bob Evans Farms	29.4
Round Table Pizza	27.3
Golden Corral	22.8

Unit growth (1/86-1/87)	
Domino's Pizza	715
Dairy Queen	708
Pizza Hut	676
McDonald's	509
Burger King	490

Percentage of unit growth (1/86-1/87)	
Little Caesar's Pizza	45.3%
Domino's Pizza	24.7
Rax	20.5
Popeyes	20.4
Golden Corral	18.6

400: CHAINS 50

Rank	Organization Headquarters	Business	Sales ($ millions) '86	 '85	No. of units 1/1/86	 1/1/85
1	**McDonald's** Oak Brook, Ill.	Fast food (hamburgers)	12,400	11,000.9	9,410	8,901
2	**Burger King (Pillsbury)** Miami, Fla.	Fast food (hamburgers)	5,000**	4,500R	5,024	4,534
3	**Kentucky Fried Chicken (PepsiCo)** Louisville, Ky.	Fast food (chicken)	3,500	3,100	6,575	6,396
4	**Wendy's** Dublin, Ohio	Fast food (hamburgers)	2,747	2,664	3,727	3,442
5	**Pizza Hut (PepsiCo)** Wichita, Kan.	Full service (pizza)	2,503.4*	2,228*	5,646	4,970
6	**Hardee's (Imasco USA)** Rocky Mount, N.C.	Fast food (hamburgers)	2,255*	1,890*	2,807	2,562
7	**Dairy Queen** Minneapolis, Minn.	Fast food (varied)	1,723	1,572	5,513	4,805
8	**Domino's Pizza** Ann Arbor, Mich.	Fast food (pizza)	1,500	1,084	3,606	2,891
9	**Taco Bell (PepsiCo)** Irvine, Calif.	Fast food (Mexican)	1,320*	1,120*	2,443	2,203
10	**Denny's** La Mirada, Calif.	Full service (coffee shops)	1,134.2	1,043.2	1,176	1,121
11	**Big Boy (Marriott)** Washington, D.C.	Full service (coffee shops)	1,002.1*	946*	911	810
12	**Red Lobster (General Mills)** Orlando, Fla.	Full service (dinner houses)	897.6*	869.4*	430	386
13	**Arby's** Atlanta, Ga.	Fast food (roast beef)	892.8	811	1,760	1,550
14	**Ponderosa** Dayton, Ohio	Full service (steakhouses)	725	639.1*	679	637
15	**Long John Silver's (Jerrico)** Lexington, Ky.	Fast food (seafood)	720.4	667	1,405	1,369
16	**Dunkin' Donuts** Randolph, Mass.	Fast food (doughnuts)	648	576.7	1,539	1,447
17	**Shoney's** Nashville, Tenn.	Full service (coffee shops)	644.5	570	542	497
18	**Jack in the Box (Foodmaker)** San Diego, Calif.	Fast food (varied)	639.5*	597*	850	800
19	**Sizzler (Collins Foods)** Los Angeles, Calif.	Full service (steakhouses)	605.1	500	544	475
20	**Church's Fried Chicken** San Antonio, Texas	Fast food (chicken)	577.7	639.9	1,532	1,549
21	**Baskin-Robbins** Glendale, Calif.	Fast food (ice cream)	572.1	484.1	3,311	3,217
22	**Little Caesars Pizza** Farmington Hills, Mich.	Fast food (pizza)	520	340	1,308	900
23	**Friendly** Wilbraham, Mass.	Full service (coffee shops)	519.8*	471.4	801*	750
24	**Bonanza (USACafes)** Dallas, Texas	Full service (steakhouses)	480	421	571	552
25	**Western Sizzlin'** Atlanta, Ga.	Full service (steakhouses)	454	436	642	574

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: CHAINS 50

Rank	Organization Headquarters	Business	Sales ($ millions) '86	'85	No. of units 1/1/86	1/1/85
26	**Roy Rogers (Marriott)** Washington, D.C.	Fast food (roast beef)	450.1*	437*R	552	543
27	**Bennigan's (Pillsbury)** Dallas, Texas	Full service (dinner houses)	446.2*	402.8*	204	190
28	**Popeyes (A. Copeland Ent.)** New Orleans, La.	Fast food (chicken)	400	353	650	540
29	**TGI Friday's (Carlson Cos.)** Dallas, Texas	Full service (dinner houses)	348.5	317.5*	125	121
30	**Carl's Jr. (Carl Karcher Ent.)** Anaheim, Calif.	Fast food (varied)	344.9**	308.2	433	453
31	**Golden Corral (Investors Mgmt.)** Raleigh, N.C.	Full service (steakhouses)	332.3	270.6	490	413
32	**Rax** Columbus, Ohio	Fast food (roast beef)	328.9	276.6	512	425
33	**Captain D's (Shoney's)** Nashville, Tenn.	Fast food (seafood)	315.9	288	537	502
34	**Chi-Chi's** Louisville, Ky.	Full service (dinner houses)	315	323	199	200
35	**Carvel** Yonkers, N.Y.	Fast food (ice cream)	291.5*	283.8*R	870*	860*R
36	**Morrison's** Mobile, Ala.	Cafeterias	291	280	153	149
37	**Sonic Drive-In** Oklahoma City, Okla.	Fast food (hamburgers)	291	292	958	931
38	**Perkins (Holiday)** Memphis, Tenn.	Full service (coffee shops)	279.5*	274	321*	319
39	**Steak & Ale (Pillsbury)** Dallas, Texas	Full service (dinner houses)	279.4*	276.9	188	184
40	**Pizza Inn** Dallas, Texas	Full service (pizza)	265.2*	253.6*	707	755
41	**White Castle** Columbus, Ohio	Fast food (hamburgers)	268.5	239.9	222	202
42	**Stuart Anderson's (Marriott)** Menlo Park, Calif.	Full service (dinner houses)	265*	261	120*	117
43	**International House of Pancakes** North Hollywood, Calif.	Full service (coffee shops)	264.1	240	450	454
44	**Furr's (K mart)** Lubbock, Texas	Cafeterias	263*	254*	133*	130
45	**Godfather's Pizza (Pillsbury)** Omaha, Neb.	Full service (pizza)	260	310.7*	615	719
46	**Round Table Pizza** San Francisco, Calif.	Full service (pizza)	250	196.4	500	460
47	**Piccadilly** Baton Rouge, La.	Cafeterias	225	196.5	111	100
48	**Whataburger** Corpus Christi, Texas	Fast food (hamburger)	225	185	365	347
49	**Ground Round** North Quincy, Mass.	Full service (dinner houses)	225**	188.7*	194	204
50	**Bob Evans Farms** Columbus, Ohio	Full service (coffee shops)	220	170	175	150

*R&I estimate, **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

400: PROFILES

HIGHLIGHTS

Focus on the '400'

From hamburgers to health care, *R&I* profiles those among 1986's top performing organizations.

The *Restaurants & Institutions* "400" long has been a collection of the nation's premier foodservice organizations. This year, we focus on many of the top companies within the listing.

The profiles begin with longtime "400" leader McDonald's and end with No. 400 Pepe's, a Mexican restaurant chain based in Chicago. In between are other companies and institutions that contributed to the growth of the foodservice industry during 1986.

Each profile begins with the name of the organization, followed by its "400" ranking and its 1986 food and beverage sales. A more detailed financial analysis of each "400" member is contained elsewhere in this issue.

Stability Contributes to Record Annual Sales

(1) McDonald's Corp.
$12.4 billion

Stability, both internally and in the image presented to consumers, may be McDonald's secret to success. On March 1, Michael Quinlan succeeded Fred Turner as chief executive officer, becoming only the third person to hold this post since the company's founding. While other burger chains switched ad campaigns mid-year, "It's a Good Time For the Great Taste of McDonald's" remained the company's national campaign.

The $1.4 billion increase in sales over last year sets a record for the 9,410-unit chain. The company's 60 billionth burger was sold in November. Average unit volumes for stores open at least one year were $1.369 million, and 79% of the restaurants systemwide posted sales of $1 million or more.

Michael Quinlan recently became the third man in McDonald's history to hold the position of CEO.

On June 31, James Cantalupo, senior vice president and northeast zone manager, became president of McDonald's International, a post that had been vacant for more than a year. Sales outside the United States were $3 billion in 1986; the company's highest-volume unit, located in Rome, rang up sales of nearly $5 million. The first McDonald's in Hungary and Yugoslavia are being built, and negotiations for restaurants in the Soviet Union are underway.

Besides making money and opening units, McDonald's broke into a new territory of sorts with print ads that tout the nutritional qualities of the fast-feeder's fare. The ads, designed by Leo Burnett, are running in 22 consumer and professional publications.

October 3, 1986, was designated Founder's Day in honor of Ray Kroc's birthday. On that day, corporate employees, Turner and Quinlan included, worked in McDonald's units.

Acquisition Boosts PepsiCo to No. 2

(2) PepsiCo Foodservice Div.
$7.336 billion

PepsiCo stood in the limelight this year with its dramatic acquisition of the Kentucky Fried Chicken chain in October 1986, for $840 million. It now has the largest number of restaurants in the world, about 14,000, and is the leader in three of the four largest chain restaurant categories: pizza (Pizza Hut), chicken (Kentucky Fried Chicken) and Mexican food (Taco Bell).

PepsiCo's policy of granting autonomy to its divisions has been very successful. Energy has been focused on allowing divisions to develop more drive-thru units, purchase additional real estate and test new product and services such as home delivery. A major remodeling and upgrading of Kentucky

TACO
BELL
TACO BELL
DRIVE THRU

PepsiCo's Taco Bell is the country's largest Mexican chain.

R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

Marriott expanded its foodservice operations by buying Saga.

Fried Chicken units was begun in 1986 and continues in 1987, with many drive-thru units being added. Pizza Hut stores have computerized delivery.

PepsiCo's other major interest is international expansion. The company plans to accomplish this by concentrating on high-potential markets and by expanding operations through strong franchisees and joint partner ventures. PepsiCo has committed substantial resources to five major markets: Canada, Japan, the United Kingdom, Australia and Germany.

Future plans include developing new units and new menu items. The sale of the La Petite Boulangerie division to Mrs. Fields is in negotiation stages.

Management Changes Mark Pillsbury's Year

(3) The Pillsbury Co. Restaurant Group $5.500 billion

Management is producing the big news at Pillsbury: Former Burger King Chairman J. Jeffrey Campbell moved from Miami, Fla. to Minneapolis to take charge of the restaurant group, and was replaced at Burger King by Charles Olcott. Burger King added 546 units in 1986 for a grand total of 4,743 systemwide, and plans to open about 1.5 stores per day this year. The company will continue to increase expansion in Europe and Asia, build more drive-thru-only and mobile units, and add stores in institutions and on campuses.

Down in Dallas, S&A saw some shuffling, too. Don Slater was named president in April, and given responsibility for Bennigan's and Steak and Ale, and Kyle Craig was named chairman of the board, and took responsibility for Bay Street and Key West Grill. S&A also announced that 22 of its properties, including Steak and Ales, JJ. Muggs and undeveloped sites, are up for sale. Bennigan's redesigned its menu, replacing the cartoons with color food photography and trimming the size to 14 pages. S&A continues to expand Bay Street and Key West Grill.

J. Jeffrey Campbell has moved from Burger King chairman to Pillsbury Restaurant Group chairman.

The new management at Godfather's has started to fulfill Pillsbury's desire to turn that concept around. After closing 202 units, the company launched a delivery system; increased same-store sales to 10%, compared to -13% the year before; opened its first mall unit; and added by-the-slice pizza.

Marriott Shows Bigger Can Be Better

(4) Marriott Corp. $5.051 billion*

What happens when one multibillion-dollar business buys another billion-dollar business? Marriott Corp., at No. 4 the highest-ranking diverse corporation in this year's "400," answered this question and many others when it completed its acquisition of Saga Corp. last summer. The questions raised when Marriott bought Denny's last month, however, remain unanswered.

The $700 million Saga purchase pushed Marriott's food and beverage sales figures well over $4 billion and added more than 1,000 units to the company's foodservice-management division. Operations and support staffs were combined and reorganized while Saga's restaurant group and administrative facilities were quickly sold.

Saga and Denny's are the latest in a string of Marriott acquisitions. In 1982, the company enhanced its operations with the purchase of Host International. Service Systems and Gladieux, two contract-management companies, were acquired in 1985; Howard Johnson Co. was purchased later that same year.

The Saga acquisition helped Marriott's foodservice-management business become the largest division of the company's contract-foodservice group. Airline catering, serving more than 150 airlines through 94 sites, and Host International airport facilities, make up the remainder of that group, which accounted for 43% of total sales.

Making up 42% of sales, the company's lodging operations include Marriott Hotels and Resorts, Courtyard by Marriott and time-sharing condominiums. A series of new ventures include all-suite, "compact" and economy hotels.

Marriott's restaurant group, representing 15% of total sales, consists of Big Boy and Roy Rogers, as well as Hot Shoppes.

400: PROFILES

Wendy's Chairman Robert Barney is hoping new products released in '86 will help turn the company around.

Wendy's Launches Plans to Revive Sales

(6) Wendy's International Inc.
$2.747 billion

For reasons ranging from the general health of the industry to a failed breakfast program, 1986 was not a good year for Wendy's. Sales dropped, average unit volumes dropped, and rumors of a sale circulated several times. The company devised a plan to reverse the damage, and says that plan was launched with last year's introduction of the Big Classic hamburger and Crispy Chicken Nuggets.

Behind-the-scene strategies have been launched as well. James Near, who joined the chain in 1974 as a franchisee, replaced Ronald Fay as president and chief operating officer. In February, Wendy's sold its Sisters Chicken and Biscuits subsidiary to the concept's largest franchisee, SisCorp, for $14.5 million in cash and notes. The company has implemented a realignment plan that calls for the franchising of 120 company-owned units and closing of 26 units throughout the system. The realignment should, according to management, improve returns on assets and equity.

This year, 260 new units are scheduled to open; at least 75 will be company owned. International fronts include West Germany, Spain and Canada. Dick Rich Inc., creator of the "Hot 'n Juicy" ad campaign, was rehired to put advertising back on track. Wendy's franchisees must spend 2% of sales on advertising.

Wendy's also is spending a lot of energy bringing the corporate and store levels together. The company has eliminated some of the links in the chain of command, giving more authority to store managers.

ARA Services Bounces Back after Buyout

(7) ARA Services Inc.
$2.632 billion†*

Two years after going private through a management-led leveraged buyout, Philadelphia-based ARA Services is back on track. More than $200 million of the $1.2 billion LBO debt has been paid back, and company sales have reached an all-time high of $3.75 billion.

ARA officials credit new business and better management of existing assets for the company's strong showing. The sale of less-profitable holdings also has helped performance. And although ARA lost out to Marriott on its bid to buy Saga, other acquisitions such as Szabo Food Service Co., SERVISCO industrial laundering and Teaching Centers day care have helped the company strengthen its ranks.

ARA is best known for its foodservice operations—after the Szabo acquisition, food and beverage volume topped $2 billion. However, the company also operates a number of other divisions offering a diverse selection of services.

The company's Healthcare Services Division provides a wide range of medical services, including pharmaceutical management and contract emergency care. Correctional Medical Systems provides health care for inmates; Living Centers provide long-term care for the elderly and handicapped.

ARA's Daybridge Learning Centers specialize in early education and day care for children up to age 12, while Magazine and Book Services distributes reading materials to a variety of outlets, including the U.S. Navy. Other divisions include ARATEX (uniform and textile rental), transportation and airport services.

ARA's John Farquharson has watched the company strengthen itself through further acquisitions.

The New No. 3?; Grisanti Set to Expand

(9) Imasco U.S.A. Inc.
$2.268 billion*

Imasco, which comprises Hardee's Food Systems Inc., Hardee's Equipment Department, Fast Food Merchandisers, Grisanti's and Burger Chef, has not had a down quarter since 1979, according to Jack Laughery, chairman, president and chief executive officer.

The 2,722-unit Hardee's repositioned with two new ad campaigns, "A Little Closer to Home" and "We're Out to Win You Over," and announced that it was the No. 3 hamburger chain because Hardee's has surpassed Wendy's in customer counts and average unit volumes. Average unit volumes now stand at $840,000, an increase from last year's $802,000. Checks average $2.50. Hardee's engineers developed a new top-sided grill to better cook hamburgers, sausage and bacon.

**R&I* estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Hardee's breakfast is part of the improving picture at Imasco.

Some of the 290 new units to be opened in fiscal '88 will sport atriums, enhanced landscaping and redesigned interiors. The company plans to sink $160 million into capital expansion this year, and says a public offering is a possibility. Its advertising budget for 1987 is $130 million, or 6.5% of projected sales, unchanged from last year.

Louisville restaurateur Michael Grisanti, who merged Grisanti Inc. with Imasco in 1984, is expanding his chain of Mamma Grisanti's Italian restaurants.

Sweet Combo: Popcorn, Ice Cream, Chicken

(10) International Dairy Queen
$1.723 billion

IDQ has divided its operations into three subsidiaries: American Dairy Queen Corp., which franchises almost 5,000 Dairy Queen units in the United States and foreign countries; Golden Skillet International with 113 fried chicken outlets; and Karmelkorn Shoppes, a chain of 234 stores selling popcorn, candy and other treats.

This year the company introduced its Dairy Queen Treat Center concept which combines DQ frozen desserts with Karmelkorn products and is aimed at shopping malls. The first of these recently opened in Monroe, La., and 18 to 20 more are planned by year's end. Existing Karmelkorn franchisees also will be given the option of converting their stores to this concept if that doesn't bring them in to direct competition with an existing DQ.

Dairy Queen also hopes to establish a greater presence in major metropolitan areas by selling area franchise rights to major investors who will then open multiple units. Several such franchises have been sold but it will probably be several years before the results are seen. Units serving fast food will have a quarter-pound hot dog added to the menu this year.

Golden Skillet has not been performing at the level the company would like, but planning is underway to expand the menu line so that franchisees do not have to rely totally on chicken. Items being considered include chicken-fried steak, ribs and even pizza.

Top Lodging Company Still on the Move

(11) Holiday Corp.
$1.638 billion*

Only one hotel company can boast not only that 96% of all U.S. travelers have stayed in one of its rooms at least once, but that 68% do so annually. That fortunate company is Holiday Corp., which will open its 2,000th hotel in 1987.

Revenues for '86 were $1.64 billion, down 8.7% compared to the previous year, but the company attributes the drop to a reduction in company-owned hotels. Financial actions and expansion plans suggest that Holiday has no intention of relinquishing its No. 1 position.

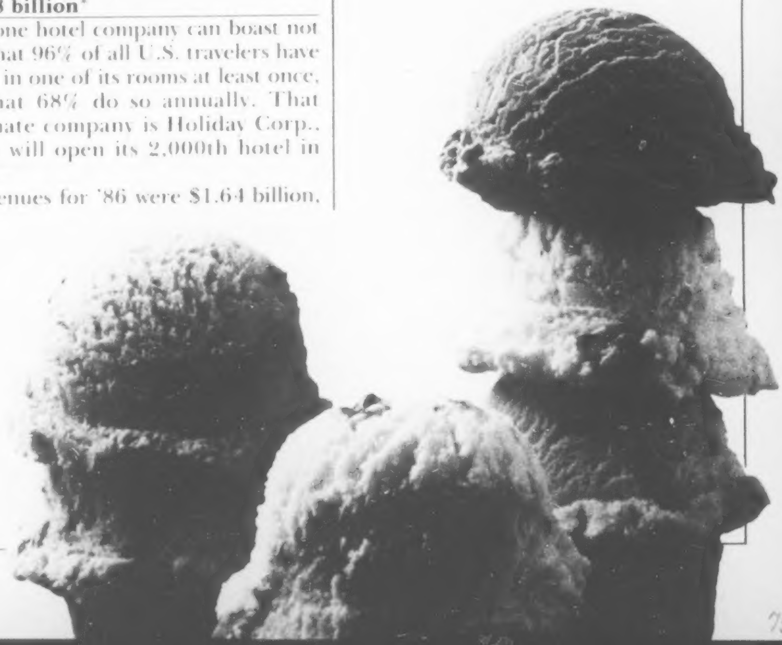
In a recapitalization plan completed last year, Holiday took on $1.6 billion in debt. "We want to get our money out of buildings and back into the hands of stockholders. This also ties in with our basic change from an assets-based company to one characterized by an emphasis on operations and service," explains spokesman John Onoda. The recently completed sale of Residence Inns also has put money in Holiday's pocket.

Building on its strength in the California market, Holiday plans to add a total of 41 hotels in that state. The demographics support this strategy.

Overseas, Holiday will introduce a limited-service, 100-room brand with fewer rooms and smaller restaurants than the usual Holiday Inn.

Holiday says it originated computerized reservations, and now the company claims to be first with an "affinity group credit card." In a joint effort between a bank and Holiday Inns' frequent guest program, customers accumulate points toward awards every time they use their VISA credit card.

Ice cream is available at nearly 5,000 Dairy Queen units worldwide.



400: PROFILES

The Domino Principle: Back to Basics in '87

(12) Domino's Pizza Inc.
$1.5 billion

To anyone reading the figures, '86 looks like another great year for Domino's. Systemwide food and beverage sales increased 33% over '85 and total corporate revenue increased 34% to $721.6 million. Net income was the only area to show a loss, but the $150 million construction of the Domino's Farms corporate headquarters, rising costs of delivery fleet insurance and the costs of new store openings are all cited as causes.

So why isn't Thomas S. Monaghan as happy about '86 as one would expect? "Over the years we've become accustomed to setting records and going beyond the expected," says Monaghan. "Great years have never been good enough for us, as we're always striving to reach new levels of superiority."

To reach those levels of superiority, the company is looking back for its future. The focus for '87 is a return to the basics that generated 25 years of solid, profitable growth.

And operations are expanding. Domino's International alone, operating in the United Kingdom, Japan, Australia, West Germany, Canada and Hong Kong, reported a 100% increase in units. In the United States, 751 units opened in '86. Understandably, national consumer awareness reached 98.3%.

Grace Foodservice Reborn as REGI

(15) W.R. Grace Restaurant Group
$1.243 billion*

While some W.R. Grace restaurant operations still exist, a majority of the group has gone west under the name of Restaurant Enterprises Group. It is the result of a $536.7 million leveraged buyout by W.R. Grace executives. The deal was engineered by Grace Restaurant Group Chairman and CEO Anwar Soliman, who later defected to form his own company. He was replaced by fellow Grace executive Norman N. Habermann, who chaperoned the LBO until its completion. He is now CEO of the fledgling giant that accounted for about $1.1 billion of Grace's '86 sales.

Habermann's first priority: get the company back on a normal day-to-day operating schedule, and establish corporate policies and standard operating procedures in order to work toward the long-term goal of stabilizing the debt. Expansion will be curbed for the next few years, and development will be slow.

The new corporate structure is divided into five divisions: El Torito's specialty and Mexican restaurants, Gilbert/Robinson's casual dining concepts (Darryl's, Houlihan's), upscale dinner houses (among them Charley Brown's), family dining group (Coco's, Carrow's) and restaurant services.

A record number of Domino's boxes were filled in '86 as sales rose 33%.

Shoney's added 119 restaurants.

Shoney's Sales Show '86 Was a Good Year

(16) Shoney's Inc.
$1.198 billion

Fiscal '86 closed on an upward sales trend for this diversified foodservice chain. J. Mitchell Boyd was named vice chairman and chief executive officer and his company, Shocap Inc., became part of the Shoney's family. A record 119 new restaurants were opened in addition to 9 Shoney's Inns. Company revenues increased 15% over '85.

The Shoney's division, which accounts for 48% of revenues, simplified operations, reduced turnover of management and hourly employees and rebounded from a sluggish sales period. Sales increased 12% and the division plans to add 80 units in '87.

Captain D's and Lee's Famous Recipe Chicken restaurants report 18% and 33% sales increases, respectively. Both divisions attribute success to increased customer recognition. The 47 new Captain D's and those units due for remodeling will incorporate softer colors, more windows and seating for 90 customers. Management plans to establish at least one training store and team in every region. The farmhouse look is attracting customers to Lee's Famous Recipe Chicken. Conversion of existing units should reach 63% in '87. The division plans to add 27 units and drive-thru service is a possibility. The Specialty Group had an 18% sales increase.

**R&I* estimate **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: PROFILES

James Collins (l.) in 1986 turned over the post of Collins Foods CEO to Richard Bermingham, but retained the position of chairman.

Naugles Turns a Profit, Sizzler Still Hot

(17) Collins Foods Intl.
$1,057.4 billion

Although Sizzler is still Collins' largest interest with 544 total units—five operating outside the United States—Naugles is the company's biggest success story.

Collins acquired 50.1% interest in the ailing Naugles, a Mexican fast-food chain, late in '85, and picked up the remaining interest in '86. By Jan. 31, 1987, the company's concentrated efforts to turn that chain around became profitable: Systemwide food and beverage sales were $112.4 million. Naugles now includes 171 company-owned units and five franchises. Before expanding units, Collins says it will continue to work on enhancing operational effectiveness through marketing and training programs. In addition, Collins will begin remodeling units this year.

As for Sizzler, Collins built 25 units in 1986 and plans to add 15 new units this year. The company's Kentucky Fried Chicken units now total 250.

The attention Collins gave to Naugles meant less time for smaller interests such as Gino's East, Josephina's and Ed Debevic's. According to Collins Vice President of Finance Chris Thomas, most of those assets have gone into a joint venture arrangement.

Support Services Key to Expansion Plan

(18) General Mills Restaurants
$1.05 billion

The Olive Garden concept will be the main recipient of the parent company's newly consolidated support staff, enabling more rapid expansion.

The Olive Garden is expected to meet growth projections of 50 units by the end of 1987 and 40 new units each year through 1989 and beyond. Immediate plans call for nationwide expansion, with concentration on the Sunbelt states. Ronald M. Magruder has taken over as president of the concept.

Red Lobster is expected to expand by 25 units in '87. William Hattaway, former head of Red Lobster, has been named president of international operations and will be responsible for expansion into Japan, Canada and Europe. Jeff O'Hara remains as president of Red Lobster USA.

Red Lobster customer counts increased 3% and sales jumped 6% in '86. For '87, a new advertising campaign under a new agency will continue to emphasize variety and quality at a reasonable price. Also, a remodeling phase has been completed and attention has turned to improved service training by use of video training tapes.

The emerging Leeann Chin's Oriental concept continues to test a number of ideas under the guidance of General Mills President Joe R. Lee.

York's, also reporting to Lee, plans to repeat its popular "Truckload of Fresh" campaign.

Casa Gallardo, Darryl's and Good Earth concepts were sold off in 1986.

Hotel Chain Is Heavy Hitter in Renovations

(20) Hilton Hotels Corp.
$930.6 million*

Although earnings remained stable, Hilton slipped from third to fifth place in national ranking, based on number of rooms, behind companies such as Sheraton and Quality that are expanding more rapidly.

Hilton continued to show an impressive commitment to taking a hard look at existing properties and making multi-million dollar renovations.

Scheduled projects include a new spa and more meeting space at the Fontainebleau Hilton and Resort in Miami, Fla.; a 386-room Tower II addition in San Francisco; a remodeling job on the Hilton Hawaiian Village to include new restaurants and an entertainment complex; and room renovations at the Washington Hilton and Towers.

Beyond the purpose of self-improvement, the far-reaching renovations enabled the company (at least until this year) one last crack at tax credits no longer available under the new laws.

Hilton's Honors Program, billed as "the guest reward program that honors the achiever in all of us," should help keep Hilton on the fast track when it debuts in '87.

General Mills has nationwide plans for its Olive Garden concept.

R&I estimate * company est. † commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Arby's 1,850th Unit Projected for 1987

(21) Arby's Inc.
$892.8 million

Confronted by unprecedented advertising expenditures by competitors waging the 1986 burger war, Arby's dug into its marketing niche by entreating consumers to "Taste the Arby's Difference," a campaign aimed to position Arby's roast beef as a nutritional taste-alternative to hamburgers.

Despite fierce competition, Atlanta-based Arby's Inc. anticipates surpassing two statistical mileposts in 1987: they project systemwide sales to reach $1 billion. And, Arby's anticipates opening its 1,850th restaurant. The company recorded $886 million in systemwide sales in 1986 and opened nine company-owned units and 178 franchises.

Arby's gleaned national exposure from its sponsorship of Major League Baseball and enlisted baseball legend Hank Aaron as spokesman for its RBI award program, a project that brought in $240,000 for Big Brothers and Big Sisters charities and served as a springboard for individual store promotions.

Arby's underscored its commitment to enter the international arena by opening an office in Toronto to support its present 54-unit Canadian venture. Arby's projects a 90-unit expansion into Canada by the end of 1987.

Series 2000, a restaurant model featuring floor-to-ceiling windows and a red, beige and green color scheme made its debut in 1986. Design elements include a smaller land requirement, a standardized kitchen adaptable for various size restaurants and allowances for future building additions.

BIG GULP
Chunky Style
BURRI

A signature line of foods has been developed by Southland's 7-Eleven.

Southland Corp. Goes for The Works

(22) Southland Corp.
$875.9 million*

Southland has been busy, of late, carving a niche for itself in the fast-food business. Although Southland and Rocky Rococo wasn't a match made in heaven, Southland has many other suitors. These resulted in joint ventures with Church's Fried Chicken and Hardee's. A Hardee's drive-thru unit is located at a St. Louis 7-Eleven unit.

Southland is also going solo in some of it units with The Works. This is a fast-food theme restaurant within the convenience store. The menu consists of freshly cooked items such as hamburgers, 7-Eleven's own all-beef hot dogs, Philly cheesesteak, french fries and a wide variety of pastries, cookies and breakfast sandwiches.

This menu selection, offering an organized menu preparation, will stimulate sales both from the current customer base and non-users, and most importantly, will allow for takeout.

Southland initially wants to concentrate The Works in only those stores that have the location and potential to attract a foodservice customer base that will enable them to become flagship stores.

At the same time, the company wants to maintain existing favorable foodservice programs, such as self-serve fresh condiment bars with 16 different toppings.

Good News Gets Better for Pizza Chain

(39) Little Caesars Pizza
$520 million

For Little Caesars Pizza, 1986 was a year that just kept getting better. Early in the year, a company forecast projected annual sales would reach $475 million, which later was revised to $500 million. When the year was over, it was learned sales had hit $520 million. This from a company that five years earlier had reported sales of $85.1 million.

Other noteworthy landmarks were reached in '86. Store No. 1,000 opened March 19, 1986. By year-end 1,308 units were preparing Pizza Pizza, the company's value-packed two-for-one deal, in 48 states. Ground was broken for the company's new headquarters.

Is there no stopping this steamroller from Farmington Hills, Mich.?

Not according to Susan Sherbow, public relations manager. She says Little Caesars sales in '87 will reach $770 million. The unit count will increase by another 550. And Little Caesars will complete its conquest of the 50 states by opening outlets in Alaska and New Hampshire, the only two states without Little Caesars as the year began.

Sherbow also says Little Caesars will concentrate on filling in existing markets. One such market that reflects the company's overall growth is Los Angeles. Just 2½ years ago, there were zero Little Caesars in Los Angeles. By the end of 1987, the company will close in on 100.

Chairman Michael Ilitch will see his Little Caesars in 50 states by year-end.

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* R&I estimate ** company est. ‡commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Analysts say Long John Silver's will continue to lead the seafood segment.

Jerrico's '87 Outlook 'Sounds Good To Me'

(26) Jerrico Inc.
$763.9 million

Stock analysts say the dominant company in the fast-food fish segment, Long John Silver's, should continue to grow at 12% to 15% over the next few years through new product introduction, remodeling and unit expansion.

Fiscal 1986 was a gratifying year for Jerrico because LJS broke new records with average unit profits improving 17%, average unit sales increasing 7% and real sales growth up 3.7%.

Jerrico's anchor concept is expected to expand by 50 to 55 company operations and 20 to 25 franchised units in 1987. Close to $80 million has been earmarked for enhancements in existing units.

Jerrico is also pleased with the early performance of its first full-service concept, Florenz, a new northern Italian restaurant. Four units were operating by May '87.

Jerry's Restaurant division is in the midst of trying to restore profits by emphasizing improved operating standards, menu presentation and facilities.

Promotions Fill Morrison Schedule

(33) Morrison Inc.
$652.2 million

Leadership changes, unit remodeling, acquisition and expansion filled the 1986 schedule of Florida-based Morrison Inc., whose holdings include Morrison's Cafeterias, Morrison's Management Services—a contract feeding service—and restaurant chains Ruby Tuesdays, L&N Seafood Grills and Silver Spoon Cafes.

After 51 years at the company, David R. Cowart retired in September as chairman of the board. E. Eugene Bishop assumed the chairmanship and will continue as CEO. The board elected Samuel "Sandy" E. Beal III president and chief operating officer. Beal previously served as executive vice president and CEO of the retail division and founded the Ruby Tuesday restaurants acquired by Morrison in 1982. Charles J. Hollingsworth, executive vice president and chief operating officer of the institutional division, retired.

Morrison added eight units to its cafeteria division in 1986, bringing the total to 156. Ten more units are planned for 1987. Of the 100 units designated for remodeling within the next three years, 36 have been completed. Remodeling plans include the installation of takeout counters, on-the-line grills and dining room dessert stations.

Morrison's institutional division acquired Custom Management in March, a move which broadened its presence into the Mid- and North-Atlantic states.

Morrison's retail division opened 12 Ruby Tuesday restaurants last year, 14 L&N Seafood Grills and one Silver Spoon Cafe for a combined total of 110.

Foodmaker Goes Public, Plans 45 Units

(36) Foodmaker Inc.
$639.5 million*

Foodmaker Inc., which owns and operates the Jack in the Box restaurant chain, went public last February with an offering of 4.6 million shares at $13.50 each. The sale netted $57 million for the company after fees and expenses.

Although total corporate revenues dipped in 1986, unit sales averaged $724,000—a 10% increase over the previous year. Systemwide sales, including franchisees, rose from $586.2 million in 1985 to $587.6 million in 1986. The company's fiscal year ends Sept. 30.

Foodmaker plans to open 45 company-owned Jack in the Boxes and 15 franchises in the western United States. The chain currently consists of 460 company-owned units and 200 franchises located mostly in California, Texas and Arizona.

Foodmaker scrapped the idea of changing the name of Jack in the Box to Monterey Jack's, a move intended to appeal to the 18- to 45-year-old consumers. But other efforts to attract adult customers are underway, including upscale remodeling, menu additions and what one company executive described as "serious, quality food" advertising.

Morrison, in 1986, added eight units to its cafeteria division.

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† *R&I* estimate * company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: PROFILES

Bonanza Sales up, Ribby's to Roll

(42) USACafes
$480 million

USACafes has been busy cranking out menu and design changes for three years now, and the monetary benefits are stacking up. The company reports that newly constructed Bonanzas average 43% more in per restaurant weekly sales than the chainwide weekly average. Remodeling existing Bonanzas also results in boosting sales 25% per week, per restaurant. By year-end '87, USACafe's predicts that 73% of the Bonanzas will be new or remodeled.

USACafe's attributes its 35% growth rate in fiscal '86 to the company's belief in franchising. Of the 571 Bonanzas operating by Jan. 1, 1987, only three were company owned (used for training). The fact that expansion costs are borne by the franchisees allows the company to grow more rapidly.

USACafes plans to build up to 75 units by Jan. 1, 1988, in Washington, California, Oregon, Florida, New York and Japan. In addition, the company is testing a new takeout-and-delivery restaurant selling barbecued ribs and chicken: Ribby's Express Barbecue. The concept evolved from the company's experience with Culpepper's Restaurants Inc., a Colorado barbecue chain.

Franchising helped boost the bottom line in '86 for USACafes and President Jeff Rogers.

NUMEROUS NACHOS A
BURRITOS

A Mexican bar was a contributing factor to Rax's '86 success.

Rax Back in the Black with Stylish Fast Food

(56) Rax Restaurants Inc.
$328.9 million

Rax returned to profitability in fiscal 1986 after having its first off year in '85. The successful introduction of hamburger products and a Mexican bar, and the reduction of general and administrative expenses were the keys, according to President Larry Ritter.

"Rax feels good about the fact that as a small 500-unit chain, it has survived when some of our competitors have not," says Ritter.

In a very difficult environment, not only was Rax able to grow, but it attracted new franchisees. Ten concept conversions were completed by May. Franchisees have been converting Sister's chicken units and smaller local operations, and the corporation has converted a few D'Lites operations.

Goals for 1987 include expansion by 70 units. Rax also is in the process of remodeling all company-owned restaurants, going for a look that will more clearly identify them as fast food. For a harder sell approach, Rax will use brighter exterior colors and a road sign promoting the new "Fast Food With Style" slogan.

Advertising expenditures remain at 5.2% of sales. Rax has become more aggressive with couponing and television ads.

Rax also is putting greater focus on "back to basics" field operations, including the initiation of a bonus program for unit managers.

Chi-Chi's Weathers Transition Year

(57) Chi-Chi's Inc.
$315 million**

Earnings slumps and profit erosion may be a thing of the past for the 199-unit Chi-Chi's Mexican dinner-house chain in Louisville, Ky.

Credit for the turnaround goes to Chairman and Chief Executive Officer Hal Smith, who resigned as president and chief operating officer of Dallas-based Chili's last May to guide Chi-Chi's through a difficult transition year and position it to move ahead. Smith's buzzword is "revitalization." He has opted to sell and take a write-off on 20 poorly performing stores, a move that has made Wall Street take notice.

Chi-Chi's difficulties can be traced in part to major franchisees such as Kelly-Johnston Enterprises and Consul Corp. The former emerged from Chapter 11 as Aschling Inc. and operates only 9 of its original 16 Chi-Chi's. Consul Corp., Chi-Chi's largest franchisee (38 units), has spent the past two years battling operating losses and write-downs.

All company stores will get complete face lifts, including revised menus, new uniforms and spruced up exteriors.

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*R&I estimate; **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

400: PROFILES

Gary Trimarchi and the Riese Organization are making the most from limited New York locations.

Riese Has Eye Toward Sky for the Future

(61) The Riese Organization
$290 million

The Riese Organization is concentrating on expansion of food courts and multiconcepts under one roof this year.

With the selection of available sites becoming less attractive, the franchisee of more than 300 restaurants in the New York City area is making clever use of selected locations. Riese finished construction of a five-story building on the corner of Eighth Avenue and 34th Street. The plot is only 3,500 square feet, but by developing 15,000 feet vertically it will house a Roy Rogers, a Dunkin' Donuts, a Pizza Hut, a National Frankfurter and a Beefsteak Charlie's.

The Pizza Hut and Houlihan's divisions have been top performers for the New York franchisee. Further expansion for the two concepts are planned for Manhattan and the Metro area. Riese, one of the country's largest privately owned restaurant companies, does not plan to shut down any of its operations in 1987.

Although the Riese family is tight-lipped about sales figures, the estimated $290 million in sales is just one-half of the story—real estate ventures also are estimated to yield $300 million a year.

HCA Battles DRGs Just Like the Little Guys

(68) Hospital Corp. of America
$273.5 million†**

Hospital Corp. of America, the Nashville-based network of health-care systems, currently operates nearly 400 facilities around the world. But even this titan is not immune to the ravages of diagnostic-related groupings and the related ague now plaguing the health-care industry.

According to this year's "400," HCA owns 185 hospitals and manages another 204, for a total of 389 facilities—down 36 from last year's figure of 425. Some hospitals were sold and others' contracts were not renewed, say HCA spokespersons.

Although the company's niche was originally defined as hospital management, HCA has become more diversified in recent years. To help ease the pain of payment cutbacks, the company has increased its emphasis on outpatient procedures and ancillary services such as home care and health insurance.

In addition to finding new sources of revenue, HCA also has implemented a variety of cost-containment measures. Foodservice is one of several areas targeted for cost reduction.

However HCA is not holding back on all fronts. To make the corporation more attractive to prospective clients, and to increase efficiency at existing accounts, HCA recently invested $40 million in a new corporate data center.

Inside the 200,000 square-foot building, four mainframe computers track and analyze data received from all HCA facilities. The new system will help standardize business and patient information, while giving HCA institutions access to a broad corporate data base.

In-house data processing is a first for HCA; until this time, all processing was handled by an outside firm.

White Castle Enters Retail, New Markets

(70) White Castle System Inc.
$268.5 million

Last year, White Castle opened stores in Kansas City, Mo., and Nashville, and this year will develop a presence in Philadelphia and Northeast Ohio; the first unit in Cleveland opened in February. The company opened 18 units and replaced several older stores throughout the system. Two White Castles are open in Japan, managed by White Castle Japan Co., a division of Sato Ltd.

Plenty of circumstance, if not pomp, surrounded the opening of the Cleveland unit. The opening generated 17 television stories, "untold" radio reports and articles in two major newspapers.

The company is phasing out the popular burgers-by-telephone program, and replacing it with retail sales. After learning that people were buying frozen burgers at retail price from White Castle units, then selling them to supermarkets, the company decided to start selling frozen burgers through retail outlets in Columbus, Ohio, Denver, Indianapolis and Portland, Ore. "We aren't terribly enthusiastic about this, but we're aware that if someone is willing to pay for burgers, they may as well be burgers we supply," commented a company spokesman.

White Castle opened 18 new restaurants in '86.

White Castle

*R&I estimate **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: PROFILES

Brock has turned around its ShowBiz and Chuck E. Cheese operations.

Diversified Company Solves Pizza Problems

(79) Brock Hotel Corp.
$228.6 million

Troubles of the ShowBiz Pizza Time and Chuck E. Cheese restaurants carried Brock perilously close to bankruptcy. After a financial restructuring prevented that fate and, after working out a deal with its creditors, the company started the hard work of turning around the pizza business and casting off unprofitable hotels.

Led by a new management team, the company has largely succeeded in reaching that goal. Restaurant revenues of $104 million represented a 27.8% increase over '85, contributing to Brock's strong performance in '86. Average unit sales volume was a healthy $741,000. The company also remodeled 12 stores, replacing built-in salad bars with new island designs.

The company's holdings now consist of 42 hotels, including 21 Holiday Inns and 7 Residence Inn hotels. Of the 274 ShowBiz Pizza Place and Chuck E. Cheese restaurants (reborn as ShowBiz Pizza Time), 118 are company owned and 156 are franchised.

Under contemplation are new pizza emporiums. "The sites will be carefully chosen—we follow a strategy of clustering stores for marketing efficiency," says Ron Saupe, senior vice president and general counsel.

Brock has even turned its energies to rescuing companies languishing in Chapter 11. So far it has bought 43 Flakey Jake's and completed the acquisition of the 60-unit Monterey House, a Mexican food chain.

New York Schools: A Lesson in Caring

(84) New York City Board of Education $222.7 million†

As the saying goes, "It is better to give than to receive." Just ask the New York City Board of Education's Office of School Food and Nutrition Services.

Nearly 80% of all meals served through OSFNS are given away to children whose families meet minimum-income guidelines. Without the program, a large percentage of the city's 1 million school children would be going hungry.

Although OSFNS receives large quantities of government commodities (last year's donations were valued at more than $17 million), food and beverage purchases still total nearly $80 million.

In recent years, New York City's school-lunch program has branched out to include breakfast and supper, as well as summer meals. Special campaigns such as "The Breakfast Club" are designed to increase participation in these programs.

But OFSNS' generosity goes beyond New York City's school children. The department also supplies meals to local Meals on Wheels operations, senior citizens' centers, hotels for the homeless, preschool day-care centers and special catered functions.

To promote school foodservice to students who otherwise might not eat, OSFNS relies on a variety of marketing tactics. Last year, a mass-transit campaign invited students to participate in the office's summer program.

Bob Evans Stakes Out the Evening Meal

(87) Bob Evans Farms
$220 million

In fiscal 1986, restaurant sales for Bob Evans increased more than $35 million and net income rose some $2.6 million.

More recently, the company posted an impressive 2% net increase in same-store sales during the first quarter of the current fiscal year. But the company is not resting on its laurels.

In January of '87, Bob Evans Farms acquired Owens Country Sausage, based in Richardson, Texas. The company became a subsidiary of Bob Evans Farms in a stock transaction worth nearly $16 million.

Growth for Bob Evans Farms restaurants will come via development of new markets; by filling in existing markets, especially the Interstate 75 highway corridor from the upper Midwest into Florida; through the development of new menu items; and by promoting the evening meal.

More than 100 units are open 24 hours at least one day of the week, and the chain's continuing flow of new product introductions is slowly helping to balance sales throughout the day. Once Bob Evans restaurants recorded just 39% of their business after 2 p.m. Now that is up to 46%.

Their current advertising promotion, "Best Cooking You Will Ever Have," is targeted to increase business during weekday breakfast and dinner.

The real focus for them now is the evening meal. According to Daniel Evans, chairman and CEO, "that is where the opportunity is for us."

The familiar Bob Evans decor is being seen more throughout the country.

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*R&I estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Custom Management Grows by Design

(92) Custom Mgmt. Corp.
$202.6 million

According to Custom Management Corp.'s corporate mission statement, the company intends "to design and manage dining and environmental service programs of discernable quality which are tailored to meet our clients' specific requirements." CMC has set similar goals for its own growth.

The Kingston, Pa.-based management company currently serves 417 accounts, with a market mix of 42% health care, 25% education, and 9% business and industry and other accounts (airports, prisons and recreational facilities). The remaining 24% is attributed to Custom Environmental Services.

Unlike some companies that grow for the sake of growth, CMC has developed an expansion plan tailored to meet its own needs as well as that of its clients. According to CMC President and CEO John Metz, who founded the company in 1967, service has been the key to his success.

Another area of focus for Metz has been the issue of mergers and acquisitions. In March of this year, Metz completed an agreement with Morrison Inc., the Mobile, Ala.-based cafeteria and contract-management company.

The marriage should prove to be a good one, with little geographic duplication. CMC now operates in 22 states in the East and Midwest, plus California and Colorado; Morrison's accounts are located in the South.

Just as the company grows geographically, CMC district, regional and staff management personnel are encouraged to grow professionally. The company's new CORE Leadership Program, led by faculty members from Pennsylvania State University, is believed to be one of the first of its kind.

A Concept As Hot As Its Namesake

(99) Chili's Inc.
$176 million

Trying to find someone in the restaurant industry who is not excited about Chili's Grill and Bar is like trying to find a trendy full-service restaurant that doesn't serve fajitas.

Dunkin' Donuts Vice President Richard Hart Jr. calls the Chili's concept excellent and the management even more impressive. Dunkin' Ventures Corp., a subsidiary of Dunkin' Donuts, in '86 signed on as a Chili's franchisee.

It was one of two major deals Dallas-based Chili's recently transacted. The second was the merger with former joint-venture partner Sunstate Restaurant Corp. The move gave the parent company complete control over existing and future Chili's restaurants in Georgia and Florida.

Perhaps what is most impressive about Chili's is what it didn't do. It didn't flop financially after being labeled a gourmet burger chain *and* having two-thirds of its restaurants in the financially troubled Oil Belt.

Chili's planned to add about 22 restaurants during its fiscal year, which ended in June 1987. For the calendar year, 35 restaurants are scheduled to open; 37 were opened during 1986. The new units are to be in new territories and existing markets. This growth is expected to take the company from 12 states to 22, with an emphasis on California, Florida, the Midwest and the Northeast. Future units might look a bit different than today's Chili's: a new prototype building is in test.

A Marriage of Fast Food and Convenience

(118) Circle K. Corp.
$144.9 million*

Circle K Corp., Phoenix, is joining in partnership with two other "400" companies—Dunkin' Donuts, Randolph, Mass., (33) and Pizza Inn, Dallas (69)—in a marriage of convenience. Convenience stores that is.

Stephen Schwitalla, Circle K foodservice division senior vice president, is helping guide the company's joint ventures.

Circle K Corp. and 7-Eleven are leading the pack when it comes to working with well-known fast-food corporations. Circle K has signed a definitive agreement with Pizza Inn to sell pizza at three of its Houston stores.

The three stores will undergo remodeling to accommodate the 240 square feet needed for the Pizza Inn operation. The operation will be self-contained.

Circle K also is working with Dunkin' Donuts in developing a similar type agreement.

Why is Circle K combining efforts with other fast-food companies? First of all, being a large chain, it has a broad selection of locations to work with both geographically and demographically. The high visibility of locations gives the company an opportunity to experiment with high consumer brand recognition.

Giving the company a fresh approach, a new president and COO was named. Robert M. Reade, formerly senior vice president of real estate and development, was named president and chief operating officer of Circle K Corp. in late 1986.

chili's®
GRILL & BAR

*R&I estimate **company est. †commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Oldest KFC Franchisee Says Marriage Works

(122) Harman Mgmt. Co.
$140 million**

As the oldest franchisee of Kentucky Fried Chicken units, Harman Management should know if a takeover is going to work. By all reports things are going very well. Harman was quick to adopt the new parent PepsiCo. For example, Harman was the first franchisee to jump off the Coke wagon and add Pepsi to its units. It has been very successful with its KFC units since the '50s and is not about to let the parent company take it easy.

Harman is a private company with the ability to keep a close watch on its units. It believes in pushing the parent company to try new products, add new promotions and contantly upgrade units—and it works. The company consistently has a higher per store average unit volume than the average Kentucky Fried Chicken. The new 39 cent Chicken Little sandwiches (square breaded chicken patties on small buns) catering to the children's market have been very successful, and the company was the first to test Kentucky Roasted Chicken, a product Harman thinks will do very well.

An ongoing "image enhancement" program keeps Harman KFC units looking good and the company plans to remodel about 26 units in 1987. One way the company ensures efficiently run, high-volume operation is by constantly evaluating the location of KFC units. When the company finds that a unit is not working in a particular location, it is relocated to another. Harman will remain in the same geographic area (Utah, Northern California, Denver and Colorado Springs), and plans to add seven to eight new units in 1987.

New Sandwich Units Popping Up All Over

(121) Doctors Associates Inc.
$140 million

Think of a company that gives birth to new units at roughly the same pace a rabbit produces baby rabbits, and Domino's Pizza might come to mind. But Domino's has an annual growth rate of "only" 33%, compared to a staggering 56% for Subway Sandwiches, according to a recent survey by *Entrepreneur* magazine.

That translates into an average of 15 store openings per week, and the high-speed franchisor is speeding up, with 35 new franchises being sold each week. If that pace holds, the company will almost triple in size during '87. Projected profits are $33 million, up from $16.1 million in '86. Company President Fred DeLuca cited "product, price and people" as reasons for the phenomenal growth.

"The advantage of rapid expansion is in gaining better name recognition. The risk is opening stores in bad locations, but we find that our new stores start averaging $200,000 in annual sales right away," he says. Hot areas for the company right now are the Southeast, Midwest and Southern California. Subway entered these markets four to eight years ago, and as they're strengthened, sales are taking off. Overseas, Canada and Puerto Rico are good growth areas.

Several hundred of the new stores will be in malls, where a smaller store size and slightly higher volume make up for the higher overhead.

SUBWAY
Sandwiches & Salads

President Fred DeLuca opened two Subway shops a day during '86.

Sibling Rivalry Finds Little Brother on Top

(135) Ken's Restaurant Systems
$120 million

Southwestern-based Ken's Restaurant Systems operates Ken's Pizza, Mazzio's, Scooter's Delivery Service and Mazzio's Buy-The-Slice (formerly Ken's Buy-The-Slice). By July 1, 1987, the company name will be changed to Mazzio's Corp.

Ken's Pizza was the original concept, named after founder Ken Selby. Mazzio's, another pizza concept, was created to fit into the late '70s' trends of thick crusts, heavy amounts of toppings, video games and upscale decor. Since then, Mazzio's has become the company's growth vehicle.

Mazzio's accounts for about 65% of total sales. The company plans to eventually phase out all Ken's Pizza's (except in the Tulsa area) and convert them to the Mazzio concept. Franchisees are being offered conversion packets. Once converted, business usually increases by 30%.

About 80% of the Mazzio units have drive-thrus, which accounts for 35% of business. Ken's started using drive-thrus about 10 years ago.

Scooter's Pizza Delivery was started in 1984. Pizza, chicken (20% of sales), and beverages lead the delivery menu. Customer telephone calls are routed to a central location, where customers' past buying habits are kept on file.

A Cheap Shades promotion was devised for the Mazzio's concept and went so well it is being repeated in '87. As a result of the first promotion the company was reporting double-digit sales gains. The promotion offered customers a pair of "Cheap Shades" sunglasses for $1 if they purchased a large or medium pizza.

President Ken Selby and Ken's Restaurants plan to convert most Ken's to Mazzio's.

R&I estimate ** company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: PROFILES

Ryan's: More Seats, More Territory

(146) Ryan's Family Steak Houses Inc. $105 million

Bringing a little Southeastern hospitality up North, Ryan's Family Steak Houses Inc. continues its expansion into the Midwest. Though the company has four franchisees operating 15 units in various parts of Florida, Ryan's philosophy is still to put the emphasis on company-operated stores. Plans are to add 20 this year which will bring the co-owned store total up to 75.

The seating expansion tested in 1986 is being implemented this year in about half of the existing units. Ryan's explains that this is the second seating expansion the company has undertaken. Originally units seated 250. Then in '83 Ryans went with a new 330-seat building design. The newest expansion is actually a 90-seat addition to the 330-seat units. According to Ryan's, only top-selling units will receive the addition. New units built in 1987 will follow the 330-seat plan. As each proves profitable, Ryan's will consider adding seats. To date, the first seat expansions have resulted in $3,000 to $7,000 increases per store, per week.

But Ryan's believes there's "a lot more to growth than building." Keeping employees happy and giving them quality training also ranks high on the list of priorities.

Ryan's Alvin McCall Jr. stresses the importance of company-owned units.

Papa Taking Quality Product to Florida

(147) Papa Gino's of America Inc. $104.1 million

Despite its size, Papa Gino's tries to create a small-company image where quality product is everything and the customer is king. This philosophy is what has kept the privately owned company from franchising. "We feel when you franchise you lose a lot of the quality control," says President Ralph Guarino. But lack of franchisees hasn't kept Papa Gino's from expanding at an admirable rate. The company added 18 units last year and plans to build 20 more by year end '87. Six of those new units will be going into Florida, a completely new market for Papa Gino's, which, until now, has concentrated on New England and New York.

The Florida stores also may signal a shift in decor. Guarino says the company is studying the Florida market right now to determine which, if any changes are merited. To date, the majority of Papa Gino's are counter-service units. A few full-service units were required in towns that had zoning laws designed to block fast food.

Looking back at '86, Papa Gino's is most proud of it's profitability and sales increases. Papa Gino's systemwide sales rose $27.1MM over last year's figure, and average checks increased from $4.50 to $4.69. In the past year, Papa Gino's has run several internal promotions to raise check averages. Rather then promote a sale on cheese pizza's for instance, Gino's will promote a discount on a three way combination. Papa Gino's also has run contests between sales people to see who can raise check averages the most.

Foodservice Pro Tries Public Restaurants

(180) Professional Foodservice Mgmt. $82.8 million†*

Foodservice operations at its 90 colleges and universities continue to be the backbone of this company's business but the time has come to move off campus as well. With the purchase last year of eight Dallas-area public restaurants operating under the names Beck's and Hamby's, they have decided to see what else they can do. The acquisitions are described as "upbeat fast food, mostly hamburgers" although several have cocktail lounges, one features barbecue and another strictly takeout.

With this acquisition, PFM has gotten into serving both the public and office feeding. The strategy calls for investigating new concepts and areas for expansion by working with the new businesses and building upon what is most successful. According to PFM's President Richard Meyer what they learn from these operations could be used to expand either the college or B&I segment of the business.

Ultimately, the company would like to be able to provide more elaborate on-campus feeding operations as their college clients demand them. This fall at Southwest Texas State, a long-time client, seven new theme restaurants will open, all of which will be available to resident students, in addition to the cafeteria, as part of the meal plan.

PFM also manages foodservice at 25 summer camps, which keeps profits steady during summer months when college business slows.

A Little Bit of Old Italy in the New World

(183) Sbarro Licensing Corp. $81.3 million*C

This fast-growing Italian food/pizza chain has come a long way since Gennaro and Carmela Sbarro opened their first delicatessen/restaurant in Naples, Italy in 1936. Since joining the fast-food trend in 1971, business has boomed and the irresistible aroma of Italian cuisine is still drawing customers from the mall.

Joining the modern trend in no way sacrificed the basic commitment to the original concept. Sbarro units incorporate a modern motif yet retain the feeling of the Italian delicatessen, complete with hanging cheeses, proscuitto hams and salamis. All food is prepped fresh daily and includes pasta dishes, veal and chicken entrees, desserts and, of course, pizza.

Most of the 190 units are located in enclosed malls in the cafeteria mode with in-line seating or as part of a food court. The first free-standing unit is up and operating in Puerto Rico and another is doing well in a Washington, D.C., department store. Their success may determine whether this kind of operation will be incorporated in future expansion plans.

The company plans to open another 50 to 55 units in '87. Locations include Puerto Rico and Hawaii in addition to the continental United States.

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400: PROFILES

Unigate's Casa Bonita reported a 7% real growth rate.

Unigate Finds More than One Way to Grow

(188) Unigate Restaurants Inc.
$79.8 million

Dallas-based Unigate owns and operates 107 Taco Buenos ($55.2 million), four Casa Bonitas ($15 million) and seven Crystal's pizza parlors ($9.6 million). In 1986, the company acquired the 46-unit Black-eyed Pea and Dixie House chains from Prufrock Restaurants.

Taco Bueno was founded in 1967 in Abilene, Texas, by William Waugh, who couldn't get a Taco Bell franchise in Texas. Its primary markets are the Dallas-Fort Worth and Oklahoma City-Tulsa areas. Smaller concentrations are located in Houston, Denver and Abilene.

Customers perceive Taco Bueno as a bridge between fast food and sit down, but it is fast service. The units average 2,500 to 3,500 square feet and seat 70 to 110. Cowan says that the average unit volume is double that of Taco Bell units. The company plans to double its size in five years without franchising.

Casa Bonita president David Fry states that his company has shown a 7% growth in real sales, but that the division has no immediate plans for expansion of the 400- to 1,100-seat, Mexican Village-style restaurant.

Benihana Makes Another Big Splash

(193) Benihana of Tokyo Inc.
$75 million

A second Big Splash Seafood Emporium opened this spring in the Kendall section of Miami, about 25 miles south of the first. It's a traditional sit-down set-up with some notable decor highlights including a shark tank just inside the entrance. Another Benihana Japanese-style restaurant opened in Key West, Fla., in November 1986, and the company recently signed a deal for a Benihana in the Lake Buena Vista Hilton at Disney World which will open in '88.

When Benihana started business in 1964, its first restaurant on West 56th in New York City had a total of four tables. Undoubtably, the service was great. So was the food, enough so that 23 years later Benihana of Tokyo Inc., the privately held parent company, owns 21 Japanese-style steakhouses and franchises eight. Its public subsidiary, Benihana National Corp., operates 17 steakhouses and franchises one.

TCBY Yogurt Franchises Double

(203) TCBY Ent. Inc.
$71 million

TCBY frozen yogurt chain is rolling doubles. In 1986, the company more than doubled its number of franchises from 216 to 460 and anticipates nearly doubling their number again in 1987 for a year-end total of 850 units. Next summer, TCBY plans to double the capacity of its $5.5 million Dallas manufacturing plant.

TCBY's sales and revenue performance conform with its rapid expansion rate. In 1986, the company earned $33 million in revenues and noted $71 million in systemwide sales. Executive Vice President Herren C. Hickingbotham anticipates 1987 figures to reach $75 million in revenues and $130 million in sales.

Arkansas-based TCBY, whose initials stand for "The Country's Best Yogurt," opened its first regional office in Atlanta, a step toward the company's plan to decentralize management.

TCBY tapped franchise-owner Mickey Rooney as company spokesman and may bring its regional "All of the Pleasure, None of the Guilt" advertising campaign to national television.

Lettuce Grows in Chicago and Beyond

(235) Lettuce Entertain You Ent. Inc.
$60 million**

Rich Melman opened his first restaurant in 1971; today, his company has six divisions and 32 restaurants under its umbrella. From the upscale French restaurant Ambria and the semi-private Everest Room to the '50s-style diners called Ed Debevic's, Lettuce restaurants are known for good food and good value—but always with an element of fun thrown in. Of the company's 32 restaurants, 22 are owned entirely or partially; the remaining 10 are managment contracts.

What's new with Lettuce? In addition to opening new restaurants in Chicago, the company is expanding its management division and opening Ed Debevic's outside of Chicago, through joint ventures with Big 4 Restaurants (Phoenix) and/or Collins Foods International (Los Angeles). There are five Ed Debevic's now open.

Looking For Love They Found Success

(248) Prufrock Restaurants Inc.
$56 million*

Fifteen years ago, Gene Street and Phil Cobb were looking for a better way to meet women. To that end, they opened a bar. The bar became a restaurant. One restaurant led to another and in 1986, the two men sold all their down-home Black-eyed Pea and Dixie House restaurants to Unigate PLC for more than $40 million.

But the passing of leadership does not mark an end to progress. Street was already involved with the small Mother Mesquite's Mexican restaurant chain before selling his share. Cobb stayed on following the purchase to help new chairman, Wallace Jones, ready expansion plans that will be boosted by financial backing from the new ownership. This included four units in the last fiscal year.

R&I estimate * company est. †commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Bobby McGee's Finds Happiness in Hotels

(253) Bobby McGee's USA Inc.
$55 million**

Thrilled with the success of its new unit in Burlingame, Calif., (in the Embassy Suites Hotel at San Francisco Airport) Bobby McGee's is looking at other hotel sites.

Of the company's 22 restaurants, only one is franchised, but another franchise is expected to open in the Denver suburb of Littleton this summer. Sales are strong at a new unit in Oxnard, Calif., (opened in April 1987) and also at the company's two Muncy's units, in Phoenix and Mesa, Ariz. Muncy's is a casual concept with a medium-priced menu and lower check averages than Bobby McGee's.

Chicago's Levy brothers in '86 opened their second Eadie's kitchen.

Two Families Still at the Heart of Palm

(274) Palm Mgmt. Co.
$49.5 million**

The first Palm was a small, New York City speakeasy opened during prohibition. Today, Palm Management—which is run by Walter Ganzi and Bruce Bozzi, the grandsons of the founders—operates 11 restaurants with almost $50 million in annual sales.

Around the country, Palm restaurants resemble each other closely: sawdust on the floor, cartoons on the walls, lots of dark wood. Menu mainstays include lamb, veal, seafood and traditional Italian specialties, but lobster and steak remain the most popular items.

The company is always looking at new locations; Boston, Atlanta and Philadelphia are being considered. The original unit in New York remains one of the company's most successful.

Restaurants Unlimited Commits to Cinnabon

(312) Restaurants Unlimited Inc.
$41 million

The biggest highlight of 1986 for this California-based company was the growth of its new Cinnabon concept. After a one-year ~~test~~, it has committed to expansion and set up a separate division from its full-service operations.

The first Cinnabon unit opened in December 1985. There are now 30 units in operation and plans to open 20 or 30 more by the end of 1987.

Restaurants Unlimited also is working with Embassy Suites hotels. It has taken over operation of the hotel restaurant at the Los Angeles airport and is designing another for San Diego.

The company also has been successful by shifting emphasis among its full-service operations from eclectic dining to "dinner house" dining, according to Richard Giboney, vice president of marketing.

Levy: A Leader in Real Estate and Restaurants

(331) The Levy Organization
$38 million

Since its founding in 1978, the Levy Organization has earned a widespread reputation for highly successful real estate and foodservice ventures. In the past nine years, the company, headed by brothers Larry and Mark Levy, has initiated major real estate developments representing investments of more than $500 million, been responsible for the creation of more than 20 restaurant and food concepts, and provided consulting expertise in both real estate and foodservice. To date, Levy operates 27 different foodservice outlets: restaurants, retail stores and a variety of catering operations.

The year ahead will be equally busy for the Levy brothers. Sometime this summer, they will open a 400-square-foot retail-delicatessen in Chicago's Northwestern Train Station, now called the Morton/Thiokol Building. In August, they will open a reasonably priced American bistro in conjunction with Chicago restaurateur Doug Roth, the former vice president of Don Roth Restaurants. Levy is also looking at possible sites for a Pan-Asian concept, and late this year, will begin construction on two restaurants on Pleasure Island at Walt Disney World in Orlando, Fla. One will be "a fireworks factory concept," and the other a Caribbean restaurant called The Bermuda House.

Chicago Mexican Chain Anchors '87 '400'

(400) Pepe's Inc.
$26 million

Twenty years ago, Mario Dovalina and the late Edwin Ptak incorporated Pepe's. It would grow to become a Mexican chain recognized as a staple in the Chicago metropolitan area. Dovalina continues as corporate chairman, with Robert Ptak, Edwin's son, serving as president. Other members of both families also are involved with corporate operations.

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400: RANKINGS

McDonald's®

Volatility rocked the top of the "400" in 1986 as the KFC acquisition elevated PepsiCo to second place, edging out Pillsbury in sales, and even toppling Big Mac from its No. 1 position in units. Even the addition of a major chunk of Saga, however, was not enough to boost Marriott beyond the 4th position it held last year. The two new members of the billion dollar club were Shoney's at $1.19 billion and Collins Foods at $1.05 billion. Meanwhile, another incredible 38.4% growth rocketed Domino's from No. 16 to No. 12.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
1	1	**McDonald's** Oak Brook, Ill.	12,400	11,000.9	12.7
2	3	**PepsiCo Foodservice Div.** Purchase, N.Y.	7,335.6	3,117.5^{R}	135.3
3	2	**The Pillsbury Co. Restaurant Group** Minneapolis, Minn.	5,500	5,538.2*	−0.7
4	4	**Marriott Corp.** Washington, D.C.	5,051.4*	3,394.3*	48.8
5	7	**U.S. Dept. of Agriculture, Food & Nutrition Service** Washington, D.C.	3,215.5†	2,671.5†	20.4
6	6	**Wendy's Intl. Inc.** Dublin, Ohio	2,747.2	2,694.8	1.9
7	8	**ARA Services Inc.** Philadelphia, Pa.	2,632.3†*	2,380†^{B}	10.6
8	10	**TW Services** New York, N.Y.	2,449.2*	1,814.7*	35
9	9	**Imasco USA** Rocky Mount, N.C.	2,268.8*	1,936*^{A}	17.2
10	12	**International Dairy Queen Inc.** Minneapolis, Minn.	1,723	1,604	7.4
11	11	**Holiday Corp.** Memphis, Tenn.	1,638.3*	1,622.5*	1
12	16	**Domino's Pizza Inc.** Ann Arbor, Mich.	1,500	1,084.2	38.4
13	13	**Denny's Inc.** La Mirada, Calif.	1,335.8	1,280.3	4.3
14	15	**The Sheraton Corp.** Boston, Mass.	1,251.8*	1,162	7.7
15	18	**W.R. Grace Restaurant Group** New York, N.Y.	1,243.1*	1,036	20
16	20	**Shoney's Inc.** Nashville, Tenn.	1,198	985	21.6
17	21	**Collins Foods Intl. Inc.** Los Angeles, Calif.	1,057.4	895.5**	18.1
18	17	**General Mills Restaurant Group Inc.** Orlando, Fla.	1,050	1,140^{R}	−7.9
19	19	**Service America Corp.** Stamford, Conn.	1,001.9	1,000*	0.2
20	22	**Hilton Hotels Corp.** Beverly Hills, Calif.	930.6*	881.6*	5.6
21	24	**Arby's Inc.** Atlanta, Ga.	892.8	811	10.1
22	25	**The Southland Corp.** Dallas, Texas	875.9*	810.5*	8.1
23	23	**U.S. Navy Food Service Systems Office** Washington, D.C.	809.6†	852.4†	−5
24	27	**Ponderosa Inc.** Dayton, Ohio	770	677.1	13.7
25	26	**Jerrico Inc.** Lexington, Ky.	763.9	713.2	7.1

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Number of units		% of change	Organization highlights
'86	'85		
9,410	8,901	5.7	(Franchisor) Room at the top for executives: Michael Quinlan succeeded Fred Turner to become only the third CEO in co. history. Jim Cantalupo, senior v.p., named pres., McDonald's Intl.
14,811	6,785[R]	118.3	(Franchisor) October purchase of Kentucky Fried Chicken from RJR made PepsiCo second-largest foodservice sales organization in world. Co. has most restaurant units worldwide.
5,831	6,048*	−3.6	(Franchisor) Co. now has 1 restaurant group under J. Jeffrey Campbell, who moved to Minneapolis June 1. Charles Olcott reigning at Burger King. Don Slater named pres. of S&A.
4,723*	3,128*	51	(Diverse foodservice/lodging) Saga acquisition (6/86) pushed mgmt. div. over 2,000 units as co. restaurant sales, minus Saga units, neared $800MM. Made bid for Denny's 5/87.
89,051	89,200	−0.2	(Government institutions) Task force's task: Improve commodities program's responsiveness to school lunch. USDA Sec. Richard Lyng met with ASFSA, created new task force. Fy end 9/86.
3,727	3,442	8.3	(Franchisor) James Near replaced Ronald Fay as pres. and CEO. Co. sold Sisters to SisCorp for $14.5MM; closed 120 company-owned Wendy's. Advertising again in the hands of Dick Rich Inc.
3,456*	3,200[B]	8	(Foodservice mgmt.) Aggressive sales reduced ARA's LBO debt by $108MM, bringing total debt reduction to $200MM. Co. added 300-plus units with 12/86 Szabo acquisition.
3,862*	2,313*	67	(Diverse foodservice/lodging) A new name, a new chairman: TW formed by merger of Transworld businesses in 12/86. CEO Smart announced retirement; named CFO Salizzoni his successor.
2,822	2,543	11	(Franchisor) Co. repositioned with 2 new ad campaigns, "A Little Closer to Home" and "We're Out to Win You Over"; closed in on Wendy's for No. 3 burger chain spot. Plans 290 more units.
5,513	4,928	11.9	(Franchisor) Biggest news is combination of DQ and Karmelkorn Shoppes in Dairy Queen Treat Centers for shopping malls and selling of multiple franchises to establish greater metro presence.
2,482*	2,419*[B]	2.6	(Diverse foodservice/lodging) Hurrah for Harrah's, Hampton Inns, Embassy Suites and Residence Inns: All 4 dominated their market segment. Reduced number of company-owned hotels.
3,606	2,821	27.8	(Franchisor) Folks outside the U.S. will have a chance to avoid the Noid as co. expands internationally. Currently units in 7 foreign countries and 1.634MM pizzas sold from 3,606 units in '86.
2,016	1,978	1.9	(Franchisor) Announced public offering of 5MM partnership interests in Winchell's Donut Houses at 18 cents a unit. Denny's will retain 42% ownership interest in partnership. Fy end 6/86.
1,457	1,457	0	(Lodging) Following industry trend, co. readying all-suite concept; Sheraton Suites to debut in '88. Will be available for franchise. Co. has over 500 properties in 62 countries. PC: ITT Corp.
918*	845	8.6	(Diverse restaurants) Majority of restaurant group went West. Of remainder, Taco Villa restructuring top mgmt. Applebee's expanding in Southeast and American Cafe going to Mid-Atlantic.
1,360	1,247	9.1	(Diverse foodservice/lodging) Appointed 6 new officers to plan, develop and expand concepts including aggressive franchising in '87. Added 119 units in '86; 170 due in '87. Fy end 10/86.
976	843	15.8	(Diverse restaurants) Turned around the once-ailing Naugles fast-food chain. 176 units earned $112.4MM in the last year. Rolled Gino's East, Josephinas and Ed Debevic's into joint venture.
599	540	10.9	(Diverse restaurants) Restaurant group consolidating, enabling services staff to support all concepts. Olive Garden major expansion vehicle. Sold Darryl's, Casa Gallardo, The Good Earth.
11,546	9,000*	28.3	(Foodservice mgmt.) After giving birth to SA less than 2 years ago, PC Allegheny Beverage continues its efforts to sell; could meet with success through LBO in '87.
1,155*	1,100**	5	(Lodging) Massive renovations in Chicago, Washington, Las Vegas, Nev., New York are turning "dormant spaces into profit centers." Co. seeking hotels in trouble as acquisition targets.
1,760	1,550	13.5	(Franchisor) Co. will standardize units with Series 2000 buildings to accommodate growth experienced in '86 and expected in '87. They take up less space and have standardized kitchens.
7,835	7,519	4.2	(Retail) Southland dissolved test agreement with Rocky Rococo, but still the testing grounds for Hardee's, Church's units. Co. developed The Works, a fast-food concept within 7-Eleven.
684	666	2.7	(Military) Organization is automating the records-keeping process of foodservice operations on board ships. Emphasis is on the financial data. Nutrient data analysis to begin.
704	637	10.5	(Franchisor) After resisting USACafes' (Bonanza's) advances, Ponderosa was wooed and won by NYC private investor Asher Edelman. This year remodeling company-owned units.
1,467	1,436	2.2	(Franchisor) Raising advertising contributions to 5.5% of sales helped increase revenues 9%. Plan to accelerate back-of-the-house remodeling in 100 co. shops. Successful debut of Florenz concept.

400: RANKINGS

31

Ramada breaks 100,000-room mark marching into Richmond . . . U.S. Army Troop Support Agency breaks formation with less salt, lower calorie foods . . . VICORP vies for kiosk niche with Baker's Square . . . Hyatt grounds T.J. Peppercorn's . . . Copeland's Popeyes flex new muscles after management restructuring . . . K mart sheds Furr's, gives benediction to Bishop's.

Rank in the 400		Organization	Foodservice volume in $ millions		% of
'87	'86	Headquarters	'86	'85	change
26	32	**Carlson Cos.** Minneapolis, Minn.	749.7	600.2	24.9
27	36	**Ramada Inns Inc.** Phoenix, Ariz.	737.9*	525**	40.6
28	29	**Allegis** Chicago, Ill.	732.1†	659†*	11.1
29	37	**U.S. Army Clubs and Recreation** Alexandria, Va.	715.1†	518.9†	37.8
30	28	**U.S. Army Troop Support Agency** Fort Lee, Va.	700.8†	676.6†	3.6
31	35	**Hyatt Hotels Corp.** Chicago, Ill.	681.8*	571.3	19.3
32	31	**Morrison Inc.** Mobile, Ala.	652.2	631**	3.4
33	34	**Dunkin' Donuts Inc.** Randolph, Mass.	648	576.7	12.4
34	38	**K mart Corp.** Troy, Mich.	646.2*	511.7*	26.3
35	33	**Foodmaker Inc.** San Diego, Calif.	639.5*	597.9*	7
36	30	**Church's Fried Chicken Inc.** San Antonio, Texas	577.7	639.9	−9.7
37	39	**Baskin-Robbins Ice Cream Co.** Glendale, Calif.	572.1*	484.1*	18.2
38	41	**Friendly Ice Cream Corp.** Wilbraham, Mass.	536.5	471.4	13.8
39	53	**Little Caesar Ent. Inc.** Farmington Hills, Mich.	520	340	52.9
40	40	**VICORP Restaurants Inc.** Denver, Colo.	502.8	471.6	6.6
41	46	**Army & Air Force Exchange Service** Dallas, Texas	496.9†	428.2†A	16
42	47	**USACafes** Dallas, Texas	480	421	14
43	44	**Carson Pirie Scott & Co.** Chicago, Ill.	465.7*	439.8*	5.9
44	45	**Western Sizzlin' Steak House Inc.** Augusta, Ga.	454	436	4.1
45	43	**Quality Inns Intl.** Silver Spring, Md.	441.9*	312*R	41.6
46	50	**Elias Brothers Restaurants Inc.** Warren, Mich.	416	400	4
47	52	**A. Copeland Ent. Inc.** Jefferson, La.	415	364.8	13.8
48	49	**U.S. Air Force Open Mess System** Randolph AFB, Texas	409.8†	412.5†	−0.7
49	42	**Sky Chefs Inc.** Dallas/Fort Worth Airport, Texas	398	464†*	−14.2
50	57	**Investors Mgmt. Corp.** Raleigh, N.C.	381	320.1	19.[illegible]

**R&I* estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
889	668	33.1	(Diverse foodservice/lodging) Radisson continued climb to top with 2 new hotels, 7 renovations. Country Inns, an economy concept, was born. New mgmt. promises good things for TGI.
701*	571**	22.8	(Lodging) All systems go for Ramada Suites, slated for construction across the country, especially in West, Southwest. Broke 100,000-room mark, with Richmond's 300-room Ramada Renaissance.
343**	322[B]	6.5	(Diverse foodservice/lodging) A new kitchen opened at Japan's Narita Airport, and plans to open 2 more this year. Added service to 10 new countries in the Pacific. Cost per meal rose 15¢.
631[B]	1,116	−43.5	(Military) Organization being upgraded. Studying 2 alternatives: merger with Army and Air Force Exchange Service or forming Morale, Welfare and Recreation Business Command. Fy end 9/86.
1,105	1,089	1.5	(Military) Salty and high-caloric foods are disappearing from the dining-hall serving line. Introduced Short Order Fitness Menu Pattern early in '86. Fy end 9/30.
386*	363	6.3	(Lodging) '86 openings: Park Hyatt (the second of its kind) in Washington, D.C., and Hyatt Regency hotels in Scottsdale, Ariz., and Greenwich, Conn. Co. says a new partnership will manage clubs.
608	569	6.9	(Diverse foodservice/mgmt.) Co. operates cafeterias, theme restaurants and has contract-feeding operations. Reorganized mgmt. in 2 major areas: Health Services and Dining Services.
1,539	1,447	6.4	(Franchisor) Has become franchisee for Chili's Grill & Bar in Northeast. Experimenting with drive-thru windows, express-service systems, separate dining areas and Donut Shop kiosks.
1,968*	1,851	6.3	(Retail) Furr's Cafeterias and Bishop's Buffets were sold to Cavalcade Holdings for $237.5MM in an effort to streamline operations. Sales figures still reflect ownership of Furr's and Bishop's.
849	800**	6.1	(Franchisor) Foodmaker goes public with Feb. '87 stock offering. Plans to add 45 co., 15 franchise Jack in the Box in '87; 75 more in '88. Talk of Canadian, Far East franchises. Fy end 9/86.
1,532	1,549	−1.1	(Franchisor) Church's converted Crispy Chicken and Farmer Brown's units in '86. Co. intends to improve store-level mgmt. and focus on stores already open rather than expand in '87.
3,311	3,217	2.9	(Franchisor) Created 4 subsidiaries by changing internal structure: Baskin-Robbins U.S.A.; Baskin-Robbins Intl.; Flavor Forces; and Cash Guardian, which is working on a theft-proof cash register.
829	750	10.5	(Full service) Picked up 35 units with Litchfield Farm Shops. Idlenot Farm Shops acquisitions; will be converted to Friendly's. 49 brand new units also slated. '86 profits reached $50MM.
1,308	900	45.3	(Franchisor) Going national was the best idea for this pizza chain. Since '82, business has quadrupled, up 415% in sales, 376% in units. Co. hopes to be in all 50 states by Dec.
445	537	−17.1	(Franchisor) Less is more: Sold Specialty Restaurant Div.; launched new "A Taste of Bakers Square" kiosks for shopping centers. 50 Sambo's-to-Bakers conversions remain. Fy end 10/86.
2,732	2,773	−1.5	(Military) Organization adopting "chain within a chain" strategy: developing a centrally directed restaurant concept using standard menus, decor and central distribution. Fy end 1/87.
571	542	5.4	(Franchisor) First quarter '87, USACafes restructured from a corp. to a limited partnership, a change expected to double stockholders' dividends in '87 from '86.
433*	710*	−39	(Diverse foodservice/lodging) Steak 'n Egg restaurant chain sold 8/86. Dobbs Houses airline catering unit put on the block. Delayed construction of franchised units for Toddle House.
642**	574	11.8	(Franchisor) In '86 Western Sizzlin' changed its logo and uniforms. Now remodeling units to update decor. 50 new units in '87 will be franchised in Northeastern and Calif. markets.
816*	573	42.4	(Lodging) Co. pursues strategy of simultaneous development in budget, mid-priced and luxury segments. Joint venture with AIRCOA boosts growth in luxury segment.
254	248	2.4	(Diversified franchisee) "Birthright is Big Boy," says family co., and still aggressive with 254. Raised 5 Top Hats in '86. Acquired foodservice for Huron-Clinton Parks, Detroit. Fy end 9/86.
656	540	21.5	(Franchisor) Popeyes continued a substantial growth rate with AUVs constant. Decentralization of mgmt. has been the major recent step in firm's development. 6 Copeland's did $15MM.
502	502	0	(Military) Internal reorganization in 7/86 maximized staff talents and translated into excellent service to personnel at base level. Result? Membership is at an all-time high. Fy end 9/86.
326*	326*	0	(Transportation/diverse foodservice mgmt.) Co. sold majority of units to Delaware North in '86. Constructing new kitchens in Nashville and Raleigh-Durham, N.C., and expanding in Miami.
519	493	5.3	(Diverse restaurants) A record year for Golden Corral. 500th unit opens this spring. Through '86 focused on 30,000-and-under markets, now gearing up for larger markets with new design.

400: RANKINGS

INTERNATIONAL
HOUSE
RESTAURANT

Rax swerves into the fast-food lane with a new store design and a high-powered ad campaign . . . TWA's numbers climb into the black . . . Sonic booms: Disney cracks Big Thunder . . . Riese constructs a five-story miracle on 34th Street, but Chi-Chi's closes stores to gain stability . . . Po Folks hopes to strike it rich with a breakfast menu and new decor . . . IHOP makes a leap to the nighttime hours to concentrate on the dinner trade.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
51	**51**	**Inter-Continental Hotels Corp.** New York, N.Y.	381*	373.5*	2
52	**54**	**Ogden Allied Services Corp.** New York, N.Y.	370	330	12.1
53	**59**	**Greyhound Food Mgmt. Inc.** Phoenix, Ariz.	350	303.1	15.5
54	**58**	**Carl Karcher Ent. Inc.** Anaheim, Calif.	344.9**	308.2	11.9
55	**55**	**U.S. Air Force** Tyndall AFB, Fla.	329.6†	323.7†	1.8
56	**63**	**Rax Restaurants Inc.** Columbus, Ohio	328.9	280	17.5
57	**56**	**Chi-Chi's Inc.** Louisville, Ky.	315**	323[C]	−2.5
58	**84**	**Boddie-Noell Ent. Inc.** Rocky Mount, N.C.	298	205.3	45.2
59	**69**	**Po Folks Inc.** Nashville, Tenn.	295.9	256.1*	15.5
60	**92**	**Carvel Corp.** Yonkers, N.Y.	291.5*	283.8*[R]	2.7
61	**61**	**Sonic Industries Inc.** Oklahoma City, Okla.	291	292	−0.3
62	**62**	**The Riese Organization** New York, N.Y.	290	291.8*	−0.6
63	**60**	**Eastern Airlines** Miami, Fla.	286.8†	297.6†	−3.6
64	**110**	**National Medical Ent. Inc.** Orange, Calif.	280.5†	148.8†	88.5
65	**74**	**Beverly Ent.** Pasadena, Calif.	280†**	238†**	17.6
66	**111**	**Trans World Airlines Inc.** New York, N.Y.	275†	145.8†	88.6
67	**71**	**Walt Disney Co.** Burbank, Calif.	274.9	245.9	11.8
68	**64**	**Hospital Corp. of America** Nashville, Tenn.	273.5†**	276.6†*	−1.1
69	**66**	**Pizza Inn Inc.** Dallas, Texas	269.7	265.5	1.6
70	**73**	**White Castle System Inc.** Columbus, Ohio	268.5	239.9	11.9
71	**65**	**Veterans Administration** Washington, D.C.	264.8†[B]	267.3†	−0.9
72	**72**	**IHOP Corp.** North Hollywood, Calif.	264.1	240	10
73	**68**	**The Horn & Hardart Co.** New York, N.Y.	256.5**	258	−0.6
74	**77**	**Delaware North Cos. Inc.** Buffalo, N.Y.	250	225	11.1
75	**86**	**Round Table Franchise Corp.** San Francisco, Calif.	250	196.4	27.3

*R&I estimate **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
399*	384**B	3.9	(Lodging) Co. proudly presented D.C.'s Willard Hotel, restored to 19th century splendor at cost of $70MM. To boost tourism, Inter-Continental is offering a summer sale at 30 European hotels.
1,725	1,500	15	(Diverse foodservice/mgmt.) Restructured both mgmt. and co. offerings. 5 divisions provide building, aviation, industrial, human and leisure services. Each targets different customers.
439	385	14	(Diverse foodservice/mgmt.) Purchased Cassano's Pizza and the foodservice div. of H.A. Pope & Sons. Renamed U.S. contract foodservice div. Restaura Dining Services.
433	453	−4.4	(Franchisor) New prototype store opened in Anaheim, Calif., complete with a hot dog cart. Testing 3 new decor packages. Plans to open 23 company owned and 11 franchised units this year.
672	639	5.2	(Military) Continued development and implementation of Services Information Mgmt. System automated foodservice module. Recognized a 1.57% increase in meals served. Fy end 6/87.
512	443	15.6	(Franchisor) New ad agency has been given the OK to introduce new marketing position, "Fast Food with Style," including pasta and nacho bars. 55 units added in '86, 70 due in '87. Fy end 7/86.
199	200	−0.5	(Franchisor) Buzzword is "revitalization." Hal Smith engineered successful turnaround. Co. positioned to move ahead. Will sell and take a write-off on 20 poorly performing stores.
338	242	39.7	(Diversified franchisee) All bode's well for Boddie-Noell. Co. is testing a double-drive-thru concept at Hardee's units. Co. also operates 74 Zip Mart convenience stores. Fy end 9/86.
313	278	12.6	(Diversified franchisee) Not so Po Folks added 15 Po Folks '86, plans 10 in '87; Implementing new cost-cutting building design; adding breakfast. 20 Davco Wendy's opened in '86; 10 more in '87.
870*	860*B	1.2	(Franchisor) Units continue to open throughout system with the Southwest and Carolinas especially active. Ice cream cakes for every occasion remain hot. Co. continues new product development.
958	931	2.9	(Franchisor) Will expand into Calif., Va., Fla., the Carolinas and San Antonio this year, and will open 50 new units. Average per-unit sales increased 7%; traffic counts went up 16% in '86.
260	300	−13.3	(Diversified franchisee) Preparing to expand its Houlihan's div., and getting ready to open Pizza Huts in Big Apple. Food courts and multiconcepts under 1 roof targeted for expansion.
101	105	−3.8	(Transportation) All the news was in the front office. Longtime Chmn. Frank Borman left to become vice chmn. of Texas Air, which in 11/86 acquired Eastern. Frank Lorenzo now chairs both.
563	527	6.8	(Health care) Of the 3 types of operations run by NME, the Specialty Hospital Group is the area of growth. Nursing home, acute-care facilities doing well. 23 new units due in '87. Fy end 5/86.
1,100	1,025	7.3	(Health care) Co. reorganized in '86. Internal auditing system designed to standardize operations, food quality specs. Hired about 100 registered dietitians; started training program.
3	4	−25	(Transportation) Showed profit for the first time in years. Co. operates 3 of its own units: Kennedy, Los Angeles and Cairo airports; rest are catered. Routes to Stockholm and Berlin being added.
182	184	−1.1	(Recreation) Along with new Disneyland Star Tours came opening of Big Thunder Barbeque Restaurant. Co. preparing for '88, when adult-oriented Pleasure Island will open. Fy end 6/87.
389	425	−8.5	(Health care) Dietary services div. continues to set up total support systems at each of the regional sites. The goal is standardization of accounting for net cost per patient day and meals.
799	763	4.7	(Diverse restaurants) Probably PI's last "400" appearance as its $48MM buyout by Pantera's awaits approval of SEC, shareholders. Merger will make Pantera's the No. 4 pizza chain. Fy end 1/87.
222	202	9.9	(Fast food) In '86, stores went up in Nashville, Kansas City, Mo., and northeast Ohio. Co. looking for sites in Philadelphia. Co. is phasing out toll-free burger number and going into retail sales.
160	304	−47.4	(Health care) VA mgmt. is starting to fully implement a computer program started several years ago. The computers will handle clinical and administrative information.
450	454	−0.9	(Franchisor) IHOP's hopping with 16 units in '87, some in Canada and Japan. New 140-seat design will be further developed. St. Louis market units marked for major remodeling.
325	366	−11.2	(Diversified franchisee) Restructuring of foodservice and restaurant operations may lead co. to sell or close unprofitable Bojangles' in effort to reduce administrative and general expenses.
292	235	24.3	(Foodservice mgmt.) Operator of fast-food to full-service operations in airports, sports and recreational facilities bought the majority of Sky Chefs in 2/87.
500	460	8.7	(Franchisor) Passed the 500th unit milestone in '86. Plans call for continued growth in western U.S; Co. targeting 70 units for '87. Exploring intl. expansion in Pacific Rim. Fy end 6/87.

400: RANKINGS

CUSTOM
MANAGEMENT
CORPORATION

The spotlight is on ShowBiz Pizza once again, this time for a turnaround performance that has made it a star for Brock . . . Bob Evans Farms may harvest a bumper crop of new restaurants in the South and Southwest, thanks to the purchase of Owens Country Sausage . . . Chili's has made fajitas a hot item, and Nestlé's Stouffer has chosen Baltimore's Harborplace to dock the newest unit of its hotel fleet . . . Custom Management will reach out to West Coast care facilities with a new San Francisco office.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
76	70	**National Purchasing Corp.** Irvine, Calif.	249.5†	249.5†	0
77	75	**Szabo Foodservice Co.** Oak Brook, Ill.	246.7†*	237.2†	4
78	90	**Nestle Enterprises Inc.** Solon, Ohio	232*	192.7*	20.4
79	76	**Brock Hotel Corp.** Irving, Texas	228.6	231.8**	−1.4
80	99	**Food Concepts Inc.** Rutherford, N.J.	225†	175.3†	28.4
81	94	**Whataburger Inc.** Corpus Christi, Texas	225	185	21.6
82	93	**The Ground Round Inc.** South Weymouth, Mass.	225**	188.7*	19.2
83	89	**Piccadilly Cafeterias Inc.** Baton Rouge, La.	225**	195.6	15
84	81	**New York City Board of Education** Long Island City, N.Y.	222.7†	214.3†**	3.9
85	79	**U.S. Navy Officer's and Enlisted Mess System** Washington, D.C.	222.4†	218.5†	1.8
86	82	**The Seiler Corp.** Waltham, Mass.	220.2*	211.7†	4
87	102	**Bob Evans Farms Inc.** Columbus, Ohio	220	170**	29.4
88	87	**Waffle House Inc.** Norcross, Ga.	219.5*	196.2*	11.9
89	138	**Bally Manufacturing Corp.** Chicago, Ill.	217.4*	114*	90.7
90	88	**Luby's Cafeterias Inc.** San Antonio, Texas	215.1	196	9.7
91	80	**U.S. Marine Corps** Washington, D.C.	206.6†	214.9†	−3.9
92	95	**Custom Mgmt. Corp.** Kingston, Pa.	202.6	184.9**	9.6
93	97	**Shoney's South Inc.** Memphis, Tenn.	200	179	11.7
94	104	**Restaurant Associates Industries Inc.** New York, N.Y.	197.5*	165.8	19.1
95	78	**Shakey's Inc.** Irving, Texas	196.9	220*	−10.5
96	91	**Wyatt Cafeterias Inc.** Dallas, Texas	195	192.5	1.3
97	83	**Frisch's Restaurants Inc.** Cincinnati, Ohio	187.6	205.8	−8.8
98	105	**Chick-fil-A Inc.** Atlanta, Ga.	181.4	161.5	12.3
99	103	**Specialty Restaurants Corp.** Long Beach, Calif.	181.1*	169.5*	6.8
100	146	**Chili's Inc.** Dallas, Texas	176	105**	67.6

*R&I estimate **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
236	1,801	−86.9	(Health care) Contract purchaser for health care and senior feeding programs added 236 serving locations in '86. Plans are to continue penetration in Northeast, opening about 250 units in '87.
371*	357	3.9	(Foodservice mgmt.) The "400" bids farewell to Szabo, purchased by ARA in 12/86. Szabo operations—including prison market and B&I accounts—should do well at their new home.
239	231*R	3.5	(Diverse foodservice/lodging) Stouffer Restaurants div. plans to expand carryout and zero in on over-50 group. Opened hotels in Denver and L.A.; 2 more slated for Nashville and Baltimore.
316	329**	−4	(Diverse foodservice/lodging) Restructuring retired $140MM in debt, sending Brock into the black. ShowBiz and Chuck E. Cheese rebounded; expect sales growth from $104MM to $125MM in '87.
633	488	29.7	(Foodservice mgmt.) Construction of $400K test kitchen and commissary and consolidation of 3 building sites into 1 facility headline co.'s '86-'87 changes. PC: Hawley Group, Roseland, N.J.
365	347	5.2	(Franchisor) Reports a substantial hike in customer counts, but co. will not disclose percentages. Expansion plans call for 50 units to open this year, primarily in the Southeast and Southwest.
194	204	−4.9	(Franchisor) Reorganized and expanded supervision of field operations. Co. opened 1 unit in 1986, and plans expansion into Northeast. Co. operates Orange Roofs in Canada.
111	100	11	(Full service) Customer counts down slightly due to units operating in Oil Belt. However, co. is in anything but in a pickle. Profitability up. New units under development in Calif. Fy end 6/87.
1,200	1,170	2.6	(Schools) Marketing campaigns in '87 directed toward high school students, expanding summer program and supper service. 24 new serving locations opened in '86. Fy end 6/87.
256	267	−4.1	(Military) Navy clubs operate under a decentralized system in which each club procures its own food, beverage and equipment items from local purveyors. Fy end 9/86.
540*	520	3.8	(Foodservice mgmt.) William Zammer is new pres. as of 2/87. Diverse co. restructured organization; Emphasis on marketing. Going after South and Midwest regions. Fy end 6/86.
175	150	16.7	(Full service) Another solid year of growth for the folks down on the farm. '87 calls for 23 new units, developing I-75 with 15 units from Mich. to Fla. and expanding into Pa. and Md. Fy end 4/87.
590	553	6.7	(Franchisor) Operators of Waffle House and Waffle & Steak are doing a brisk business, especially during the breakfast hours. The privately held co. operates units in 21 states. Fy end 5/87.
101*	210*	−51.9	(Diverse foodservice/lodging) Co.'s actions speak louder than words (of which we heard none). Closed Tomfoolery units, but acquired MGM Grand Hotels operations to boost sales.
94	88	6.8	(Full service) All 94 units company owned. Luby's will expand in the Southwest and plans to invest $25MM for capital expansion in '87. AUV $2.4MM. Average check $4.38. Fy end 8/86.
103	109	−5.5	(Military) Organization upgraded services with Mess Hall Facility Improvement Program. Designed to bring facilities into state-of-the-art shape; fast-food systems are included. Fy end 9/86.
417	389	7.2	(Foodservice mgmt.) Bought by Morrison Inc. 3/87. Expansion plans call for movement West and increased penetration of long-term care market. New San Francisco office and mgmt. programs.
241	212	13.7	(Diversified franchisee) Shoney's South goes Midwest: 154-unit Shoney's franchisee will grow in Ill., Ind. To add 22 Shoney's in '87, 12 Capt. Ds. Still has 9 Hungry Fisherman, 8 Danvers.
97*	87	11.5	(Diverse restaurants) Happy birthday Charlie Brown's! 25-unit chain turned 20. In '86, RA acquired 10-unit Calif. Casa Vallarta (to convert to Acapulcos), and 6-unit The Office Restaurants.
395	400	−1.3	(Franchisor) Introduced new pizza buffet concept 2/87. Co. reported units with buffet do best. AUVs at $548K in '86, up 15% over '85. Very aggressive franchising planned. Fy end 9/86.
120	122	−1.6	(Full service) Wyatt shoots straight from the hip. Co. cont'nues slow, steady growth. Southwest is primary area of expansion. AUV $1.6MM. Average check $4.26. Plans for 5 units to open in '87.
206	232	−11.2	(Diversified franchisee) Sales are down for this Big Boy franchisee with fewer franchises than last year: 104 Big Boys, 24 Roy Rogers and 3 Prime 'n Wine. Fy end 5/86.
345	319	8.2	(Fast food) Chicken chain is developing free-standing units and a new coffee-shop concept in '87 in effort to snag business traffic and families, a move away from existing fast-food outlets in malls.
68*	68	0	(Diverse restaurants) The owners of The 94th Aero Squadron shot down our attempts to find out what is new with the co. that restructured in '85 and operates multi-theme and banquet facilities.
102	65	56.9	(Franchisor) Hot items: Acquired joint-venture partner, Sunstate Restaurant Corp. Opened 37 Chili's in '86, will open 35 more in '87. Testing new efficient prototype building. Fy end 6/87.

400: RANKINGS

A & W Restaurants, Inc.

Club Corp. of America tightens belt while bucking Southwest economy . . . Mr. Gatti looks for deliverance with delivery-only units . . . Harry M. Stevens wins ball game at World Series and Super Bowl . . . Omni "presence" to double in size in three years . . . Winners survives Wendy's losing streak . . . A&W increases speed limit on sales via drive-thru/walk-up only units . . . Brown Derby doffs hat to open-display kitchens . . . Western Steer riding herd on menu expansion . . . Harman Management christens new H. Salt units, deep-sixes others.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
101	100	**F.W. Woolworth Co.** New York, N.Y.	175*	175*	0
102	101	**The Krystal Co.** Chattanooga, Tenn.	174	170	2.4
103	98	**Western Steer-Mom'n'Pop's Inc.** Claremont, N.C.	171	178.1	−4
104	143	**Trusthouse Forte Hotels Inc.** El Cajon, Calif.	170	110[C]	54.5
105	108	**Harry M. Stevens Inc.** New York, N.Y.	168	150	12
106	118	**Los Angeles Unified School District** Los Angeles, Calif.	165.5†	138.5†*	19.5
107	106	**DeNovo Corp.** Utica, Mich.	161*	161	0
108	85	**Mister Donut of America** Minneapolis, Minn.	160.8	138.7[R]	15.9
109	130	**California Dept. of Corrections** Sacramento, Calif.	155.9†	119†**	31
110	122	**Winners Corp.** Brentwood, Tenn.	152.4	133.5*	14.2
111	125	**Omni Hotels Corp.** Hampton, N.H.	150.4	126.8	18.6
112	107	**A&W Restaurants Inc.** Dearborn, Mich.	150	156	−3.8
113	112	**Brown Derby Inc.** Cleveland, Ohio	148	145	2.1
114	115	**Orange Julius Intl.** New York, N.Y.	147	142	3.5
115	166	**Wom Ent. Inc.** Coral Gables, Fla.	147†	91.8†	60.1
116	123	**Baltimore Bureau of Purchases** Baltimore, Md.	145.6†	132.2†**	10.1
117	243	**Prime Motor Inns** Fairfield, N.J.	145*	52	178.8
118	126	**The Circle K Corp.** Phoenix, Ariz.	144.9*	125**	15.9
119	—	**City of New York, Dept. of Procurement** New York, N.Y.	143.1†	—	—
120	124	**Club Corp. of America** Dallas, Texas	140	128	9.4
121	159	**Doctors Associates Inc.** Milford, Conn.	140	94	48.9
122	121	**Harman Mgmt. Co.** Los Altos, Calif.	140**	135**	3.7
123	—	**Hospital Purchasing Services** Middleville, Mich.	135.8†	—	—
124	117	**Mr. Gatti's Inc.** Austin, Texas	131.2	140	−6.3
125	133	**dāka** Wakefield, Mass.	128.9†*	116.4†	10.7

*R&I estimate **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

Number of units '86	'85	% of change	Organization highlights
1,070**	1,100	−2.7	(Retail) Sales remain constant while number of units increase. On the drawing board—co. plans to venture further into the fast-food world with 19 Burger King's by end of '87. Fy end 1/87.
237	246	−3.7	(Fast food) A back-to-basics operations policy has generated 7 consecutive quarters of real sales gains. Expansion will gain momentum after new way of mgmt. "fixes" operations side.
185	202	−8.4	(Diverse restaurants) No building redesign mentioned. Western Steer is focusing attention on menu expansion. 5 new units opened in '86. About 10 going up in the Northeast U.S. this year.
440	235**	87.2	(Diverse foodservice/lodging) Worldwide network is 800 hotels strong, including TraveLodge. Plans to grow by buying, building. Thrust will be in 100-room range.
35	35	0	(Foodservice mgmt.) Co. credits '86 success to winning sports teams at HMS-account locations (including World-Series winning Mets, Super-Bowl champion N.Y. Giants).
572	576*	−0.7	(Schools) 2% increase in meals served in '86. New schools within existing district boundaries are planned to deal with increased enrollment. Several new menu items being tested. Fy end 6/87.
592	598	−1	(Franchisor) Has seen increased competition for its Tastee Freeze, Dog 'N Suds, BK Root Beer System and Dairy Isle units, but keeps customer counts up with discounting and its ads.
622	572R	8.7	(Franchisor) Formerly listed as International Multifoods, during 1986 this co. restructured and is now focusing corporate energy on U.S. and Canadian franchising of its fast-food operations.
76	49	55.1	(Government institutions) The largest corrections feeding program in the U.S. in terms of purchases and people served 62,000 inmates, plans to expand in '87. 4 new programs opened in '86.
229	234	−2.1	(Diversified franchisee) Winners units up 3.2%, Wendy's down 9.4% in '86. Reorganization into 2 operating groups planned. Plans to change marketing focus to more regional approach.
92	125	−26.4	(Lodging) Name change from Omni Dunfey to Omni Hotels Corp. Bistro concept, including retail, was adopted for all full-service F&B outlets. Co. plans to double in size during next 3 years.
550	598	−8	(Franchisor) Plans for a 3,600-sq.-ft. prototype restaurant and 900-sq.-ft. drive-thru/walk-up only units hold potential for increased sales. Opened 17 units in '86, 20 slated for '87.
55	54	1.9	(Franchisor) Opened 2 units in '86 and plans to expand more into Midwest, South and Southwest. Family restaurant remains popular and will implement open-display kitchens. Fy end 5/87.
770	739	4.2	(Franchisor) May sell Retail Foodservice Div. of O.J. of America and Canada to Dairy Queen Intl. July shareholders meeting will decide. Hawthorne Melody Div. was sold to mgmt. of dairy div., OJI.
44	42R	4.8	(Foodservice mgmt.) With $5MM targeted for capital expansion, Wometco plans to increase the number of manual feeding sites at several industrial locations. Customer counts up 9%.
130	135	−3.7	(Government institutions) Purchasing department of Baltimore finally became computerized. City installed $90,000 system that will assist foodservice purchasing by eliminating paperwork.
271*	57	375.4	(Lodging) Gross sales of $400MM expected for '87. Prime transferred recently acquired HoJo restaurants to franchisee group. Sandalwood restaurant concept expected to do great things.
3,500	3,160	10.8	(Retail) Circle K announced Pizza Inn licensing agreement. Also, co. introduced program with Dunkin' Donuts. Plans for program to be in about 100 stores by end of fiscal. Fy end 5/87.
40	—	—	(Government institutions) Primary function, buying for area hospitals, Dept. of Corrections, Housing Authority and Dept. of Human Resources facilitated by computers. Fy end 6/87.
206	160	28.8	(Foodservice mgmt.) Bulk of co. revenues come from Southwest states; depressed economic climate there has led to significant belt-tightening at CCA headquarters. 6 to 8 new clubs planned.
987	596	65.6	(Franchising) Subway sandwich specialist plans on doubling number of units in '87. Baking bread in-house has had direct effect on increasing sales. Adding Australia to intl. location list.
223	225	−0.9	(Franchisee) Company plans to add 7 to 8 Kentucky Fried Chicken units in '87, continue remodeling program. Opened new H. Salt Fish & Chips units, closed others with net result the same as '86.
516	—	—	(Health care) Co. does group purchasing for member units, which include 280 hospital-mental health facilities, 125 nursing homes, 70 schools, 31 nutritional feeding units. Fy end 6/86.
335	301	11.3	(Franchisor) Sales dropped in '86 but remodeling and development of delivery-only units holds promise. Co. plans to expand into Southeast. PC: LDBrinkman Corp. Fy end 7/86.
311	292	6.5	(Foodservice mgmt.) Co. acquired 60-unit Dining Mgmt. Services, Randolph, Mass., and Avon, Conn.-based Food Industry Associates in Fall '86. Plans call for accelerated annual growth. 15%.

400: RANKINGS

Mr. Steak, Kettle Restaurants and Ryan's Family Steakhouses are beefing up their industry profiles with new units, new concepts . . . Northwest Orient flies high through the deregulation storm . . . El Chico and Del Taco square off for a market-share showdown in the southwest . . . Burger franchisees Carrols and J.B.'s have trimmed the fat to run leaner and meaner.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
126	109	**Hyatt Intl. Corp.** Chicago, Ill.	127	121.4^{R}	4.6
127	136	**Food Dimensions Inc.** San Francisco, Calif.	126†	114.8†	9.8
128	129	**State of Oklahoma Central Purchasing** Oklahoma City, Okla.	126†	119†	5.9
129	163	**Unicare Health Facilities Inc.** Milwaukee, Wis.	126†	92.4†	36.4
130	120	**Navy Resale and Services Support Office** Staten Island, N.Y.	125.5†	136.4†	−8
131	135	**Red Lion Inns** Vancouver, Wash.	125	115	8.7
132	132	**Galardi Group** Newport Beach, Calif.	123.5	118	4.7
133	127	**Walgreens Food Div.** Deerfield, Ill.	121.1	122.3	−1
134	128	**Carrols Corp.** Syracuse, N.Y.	120.1	119.5*	0.5
135	134	**Ken's Restaurant Systems** Tulsa, Okla.	120	115	4.3
136	139	**Caesar's World Inc.** Los Angeles, Calif.	119	112	6.3
137	142	**Braum Ice Cream & Dairy Stores Co.** Oklahoma City, Okla.	118.8*	110**	8
138	151	**Fuddruckers Inc.** San Antonio, Texas	118.4	101.5	16.7
139	145	**Kettle Restaurants Inc.** Houston, Texas	114.8	109.3	5
140	162	**El Chico Corp.** Dallas, Texas	112.6	92.7	21.5
141	323	**New Jersey Dept. of Human Services, Food Ind.** Trenton, N.J.	112.6†	38.3†	194
142	148	**Northwest Orient Airlines Inc.** St. Paul, Minn.	112†	104.9†	6.8
143	113	**Mr. Steak Inc.** Denver, Colo.	111.1	145**	−23.4
144	149	**Brown's Chicken** Oak Brook, Ill.	108.1*	103.2*	4.7
145	156	**J.B.'s Restaurants Inc.** Salt Lake City, Utah	107.2	96	11.7
146	152	**The Wood Co.** Allentown, Pa.	106.8	101.1†**	5.6
147	233	**Ryan's Family Steak Houses Inc.** Greenville, S.C.	105	55	90.9
148	147	**Del Taco Inc.** Costa Mesa, Calif.	105**	105**	0
149	186	**Papa Gino's of America Inc.** Dedham, Mass.	104.1	77	35.2
150	150	**Veterans Canteen Service** Washington, D.C.	104†	101.7†	2.3

*R&I estimate. **company est., †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

Number of units		% of change	Organization highlights
'86	'85		
180**	170[R]	5.9	(Lodging) Hyatt sees time as right for upscale resort development. Chain-run restaurants such as T.J. Peppercorns are getting the boot; instead, foodservice is customized to local markets.
95	103	−7.8	(Foodservice mgmt.) Provider of meals and environmental services to hospitals and retirement residences acquired by Sodexho, a French-owned intl. foodservice mgmt. co., in '86.
48	45	6.7	(Government institutions) Still in throes of financial woes with 15% cutback for all institutions in state. Foodservice purchasing looking at ways to cut costs while still serving quality meals.
600	342	75.4	(Health care) UHF had a very good year with the addition of 258 units under their care in company-owned or company-managed capacities. Computer controls in place.
538	537	0.2	(Retail) The NRSSO recognizes the popularity of fast-food chains on base and makes sure that direct operations are different so as not to compete. Fy end 1/87.
73	73**	0	(Lodging) King of feasts: Red Lion's fine-dining Maxi's and Misty's in 52 hotels in 8 western states. Opened 3 sites in '86, will open 2 more in '87—Costa Mesa and Sonoma, Calif.
331	356	−7	(Franchisor) Formerly Wienerschnitzel Intl. Inc., operator of WI, Weldon's and The Original Hamburger Stand saw increased sales in '86. Double drive-thru setups are coming. Fy end 6/87.
151	179	−15.6	(Diverse restaurants) Operating Wags free-standing restaurants, co. closed 28 units in '86 accounting for loss of sales. Plans to open 12 units in '87, expanding in Chicago and Fla. areas.
138	135*	2.2	(Franchisee) Burger King franchisee went private in a leverage buyout effective 12/86. Gyro-Wrap was sold to Shipfeifer Corp. 15 units opened in '86, 5 more to open in '87.
279	261	6.9	(Franchisor) Aquisition of 50 units from a franchisee in Dec. '86 proves fruitful for this purveyor of pizza. Co. will move operations into the Southwest. $8MM to $10MM ad budget under way.
34	31	9.7	(Lodging) Resort-casinos in Las Vegas, Nev., Atlantic City, N.J., Tahoe and the Poconos all scored well. Bacchanal in Atlantic City was reincarnated as a gourmet Chinese restaurant.
180*	174	3.4	(Full service) Individually owned, privately held co. prizes secrecy above all else. Keeps tight-lipped about all aspects of business from last year's sales to number of units opened.
105	102	2.9	(Franchisor) Co. set 3 goals for '87: Continue to produce high-quality food, respond to customers' needs and restore financial health. Co. has pinned hopes on a new, still-limited menu.
195	191	2.1	(Franchisor) Despite a 2% decrease in customer counts in '86, these family restaurants are doing well. 13 units were opened and 26 more are due in '87. Fy end 10/86.
102	100	2	(Franchisor) Destination: Southeast and Southwest for future expansion. 11 new units (5 company-owned) will debut in '87. TV advertising campaign focused on chain owners, the Cuellar family.
18	18	0	(Government institutions) Major project is continued implementation of cook-chill operation begun last year with ultimate intention of regionalizing the system throughout the entire state.
3	4	−25	(Transportation) Northwest's Anchorage catering kitchen went to Marriott in 1/86 deal; co. continues operations in Detroit, Seattle, Tokyo. Completed Republic Airlines acquisition 8/86.
175	194	−9.8	(Franchisor) All attention focused on Mr. Steak's Grill, the co.'s new concept opened in April in suburban Detroit. 40% of the menu items are new and interior is brighter.
158	158	0	(Franchisor) Oak Brook, Ill.-based chain is hot on promotions. Catering capabilities linked to football season and Super Bowl Sunday. Radio ad tie-in with Chicago Bears broadcasts.
121	135	−10.4	(Diversified franchisee) Sales increased as this Big Boy franchisee reorganized mgmt. and adopted a plan to sell approximately 10% of units that were underperforming investments. Fy end 9/30.
140	160	−12.5	(Diversified foodservice/mgmt.) Formed a hospitality group to keep closer tabs on operations in '86. Launched customer-service program, "We Want Happy Customers."
70	53	32.1	(Full service) More units, bigger, is Ryan's plan as co. expands seating and moves into Midwest markets. Opened 14 company-owned units, 3 franchises in '86.
186	180	3.3	(Franchisor) Competition for market share in Calif. has intensified, calling for more advertising, new product promos, maybe some discounting. Big effort on systemwide remodeling program.
180	165	9.1	(Full service) Patriots love pizza and co. is looking to expand into New England states. Plans to add 15 units are in the works and with AUVs at $629K, the future looks bright. Fy end 9/86.
175	175	0	(Health care) Reorganization under way and should be complete by fall '87. Field offices will be moved to HQ. 6 units remodeled. Fy end 10/86.

400: RANKINGS

Skippers

National Pizza cuts big slice of pie in the sky with $33MM sales hike . . . Taco John's spicing up growth plans . . . Pioneer Chicken blazing trails in the Far East . . . W.B. Johnson, Ritz-Carlton settle licensing fee contretemps out of court . . . Guest Services posts welcomed 20% sales boost . . . Rodeway scuttles so-so performers . . . Chicago schools put microbiological testing under microscope . . . International Blimpie goes high brow, changes name to Astor Restaurant Group . . . Roma Corp. boning up on rib takeout, home delivery.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
151	213	**Guest Services Inc.** Fairfax, Va.	100	63†	58.7
152	154	**Taco John's Intl.** Cheyenne, Wyo.	100	100	0
153	177	**Roma Corp.** Dallas, Texas	100**	80	25
154	165	**Illinois Dept. of Central Mgmt. Services** Springfield, Ill.	99.8†	92.1†**	8.4
155	131	**Adventist Health System** Shawnee Mission, Kan.	99†	118.7†A	−16.6
156	119	**Rodeway Inns Intl. Inc.** Dallas, Texas	99*	138.3	−28.4
157	167	**Pioneer Take Out Corp.** Los Angeles, Calif.	98	91.4	7.2
158	140	**Chicago Public Schools** Chicago, Ill.	97.1†	110.5†**	−12.1
159	116	**Commonwealth of Virginia** Richmond, Va.	97†	140.6†	−31
160	155	**Druther's Intl. Inc.** Louisville, Ky.	96.9	96.2	1
161	214	**National Pizza Co.** Pittsburg, Kan.	96**	63	52.4
162	164	**AIRCOA** Englewood, Colo.	95.2*	92.4*	3
163	157	**The Continental Cos.** Miami, Fla.	94.5	95	−0.5
164	173	**Skipper's Inc.** Bellevue, Wash.	94	85	10.6
165	208	**Astor Restaurant Group Inc.** New York, N.Y.	94**	65	44.6
166	—	**THF-Eastern** Norwalk, Conn.	93.8†	—	—
167	187	**RPM Pizza Inc.** Gulfport, Miss.	93.5	77	21.4
168	171	**International King's Table Inc.** Eugene, Ore.	93	85.8**	8.4
169	193	**The Registry Hotel Corp.** Dallas, Texas	92.6	73.4	26.2
170	169	**W.B. Johnson Properties Inc.** Atlanta, Ga.	91.8*	90*	2
171	137	**Metropolitan Chicago Healthcare Council** Chicago, Ill.	91†	114.8†**	−20.7
172	327	**California Dept. of Rehabilitation, Bus. Ent. Program** Sacramento, Calif.	90.9†	37.8	140.5
173	189	**Consolidated Products Inc.** Indianapolis, Ind.	90.7	76.5	18.6
174	174	**Lyon's Restaurants Inc.** Foster City, Calif.	90.1	84.3	6.9
175	168	**RTM Inc.** Tucker, Ga.	90	90	0

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

	Number of units		% of change	Organization highlights
	'86	'85		
	122	94	29.8	(Diverse foodservice/mgmt.) '86 was co.'s biggest sales year ever: 20% growth overall! The Smithsonian was the big new account in '86, and more museums are coming.
	403	402	0.2	(Franchisor) TJI injecting more spice into hot growth plans. Closed 22 marginal performers. 60 new sites targeted. New look planned for existing units. Will expand in Northwest, Fla. regions.
	75	47	59.6	(Franchisor) Jumped from 47 to 75 units and increased sales $20MM, too. Roma's attributes its significant unit sales increases to being the "only major" ribs chain. Tested takeout, delivery.
	86	86	0	(Government institutions) Plans call for greater automation of total operation and the opening of 2 to 4 new correctional facilities, which are largest component of state's foodservice operation.
	118	82	43.9	(Health care) Co. with foodservice focus developed a national food purchasing advisory committee in '85. Plans to develop a national food purchasing program in '87.
	152	223	−31.8	(Lodging) Rodeway has shed 34 substandard properties since PC Ladbroke took over in '85, is renovating many others. Total rooms surpassed 19,000, with addition of 44 hotels in '86.
	290	277	4.7	(Franchisor) Fast-food chicken chain still concentrating on expansion in Far East and Atlantic states. Plans on opening new units in '87. Co. is wholly owned subsidiary of Transpacific Industries.
	591	586	0.9	(Schools) '87 plans include an expansion of test kitchen facilities to include microbiological testing and addition of a bakery. 3% increase in meals served in '86. Fy end 6/87.
	83	60^{B}	38.3	(Government institutions) Central purchasing agency hired a food technologist to develop definitive specifications for food purchases. Fy end 6/87.
	155	163	−4.9	(Franchisor) Plans no geographic expansion outside Ky. and Southeast; will add 6 units this year. New ad agency is Doe-Anderson, Louisville; new theme "No Place Else Feels Like Druthers."
	245	155	58.1	(Franchisee) Pizza Hut's largest franchisee is making the PC very happy with a $33MM increase in sales. Co. is accelerating development of delivery-only units. Fy end 3/87.
	102*	100	2	(Diverse foodservice/lodging) Joint venture with Quality Inns strengthened AIRCOA's hand in upscale lodging, while PC doubled assets with purchase of Dallas-based Motor Hotel Mgmt.
	43*	36	19.4	(Diversified franchisee) Steady growth continued, with the addition of 4 Hampton Inns, 3 Sheratons. Balance, diversity of holdings has earned co. the title "a mgmt. co.'s mgmt. co."
	206	197	4.6	(Franchisor) New remodeling program combined with smaller, lower investment land-building package. Planning 15 to 20 new units in '87 and value-oriented promotions.
	265	220	20.5	(Franchisor) Name change for Intl. Blimpie Corp. Acquisition of 2 Amsterdams sets the pace for rapid expansion. Co. plans to franchise 80 Blimpies in '87. Scoping new territories across U.S.
	280	—	—	(Foodservice mgmt.) Newcomer enters "400" on strength of buying Blaikie, Miller & Hines and Eastern Foods. Does majority of business at 198 B&I accounts. PC: Trusthouse Forte PLC.
	197	185	6.5	(Franchisee) This Domino's franchisee is seeing continued prosperity with the addition of 23 units in '86. Plans are in the works to expand into Miss., La., Mich. and Canada.
	81	80	1.3	(Franchisor) Co. is in largest expansion mode ever. Plans are to develop many new restaurants. 8 restaurants will open by late summer. Primary growth area: Southern Calif.
	61	46	32.6	(Lodging) More efficient systems, including higher staff-training standards, accompanied Registry's brisk expansion. HQ execs travel constantly to make sure individual hotels toe the line.
	129	87*	48.3	(Diversified franchisee) Targeting the traveling aristocrat, co. sells service, not rooms; sees formal resort in its future. Squabble with Ritz-Carlton about licensing fee settled out of court.
	102	99	3	(Health care) Formerly Chicago Hospital Council, name was changed to reflect changing nature of health care. Volume purchasing begun, using formula to figure dollar volume per patient day.
	275	280	−1.8	(Government institutions) Plans to continue promotion activity and remodeling of units at rate of 5 a year; Units are run by semi-autonomous, legally blind managers.
	107	126	−15.1	(Franchisor) Very good year for operators of Steak n Shake and Consolidated Specialty restaurants. Long-term objective: to increase unit no. by 10% a year beginning '89. Fy end 9/86.
	61	60	1.7	(Full service) Latest line from Lyon's: "Very optimistic for '87"—new uniforms, menu design at this 24-hour family restaurant. 5 new units in '86; 6 in '87. PC: Sara Lee Corp. Fy end 6/87.
	143	137	4.4	(Franchisee) Arby's operator added only 5 units last year, but 19 more are planned for '87, through new construction and buying out other franchisees. Greatest interest is in Sun Belt and Midwest.

400: RANKINGS

Trans/Pacific Restaurants, Inc.

K-Bob's Steak Houses now has 95 franchises in its corral and hopes to round up 20 more in the coming year . . . Humana's fiscal fitness took a turn for the worse with a critical drop in earnings . . . Benihana's catches a wave with the Big Splash concept . . . Red Robin bobs along after top-level shakeup . . . Trans/Pacific Restaurants stays on track following leveraged buyout.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
176	175	**Fosters Freeze Intl.** Arroyo Grande, Calif.	89	83	7.2
177	179	**Trans/Pacific Restaurants Inc.** Irvine, Calif.	86.2	80**	7.7
178	172	**Loews Hotels** New York, N.Y.	85.6	85.1	0.6
179	351	**Doubletree Inc.** Phoenix, Ariz.	85	35	142.9
180	205	**Servico Mgmt. Corp.** West Palm Beach, Fla.	85	67	26.9
181	201	**Days Inns of America Inc.** Atlanta, Ga.	83.2*	69*	20.6
182	161	**Professional Food-Service Mgmt. Inc.** Northbrook, Ill.	82.8†*	93.8†*	−11.7
183	183	**TrettCo Inc.** Farmington Hills, Mich.	82.5†	78.1†	5.6
184	176	**Associated Hosts Inc.** Beverly Hills, Calif.	81.5	81.5[A]	0
185	224	**Sbarro Licensing Corp.** Melville, N.Y.	81.3*[C]	58.1*	39.9
186	239	**Red Robin Intl.** Seattle, Wash.	81	53.6	51.1
187	153	**Swensen's Ice Cream Co.** Phoenix, Ariz.	80**	100.2	−20.2
188	191	**Unigate Restaurants Inc.** Dallas, Texas	79.8	74	7.8
189	192	**HRI-Purchase Connection** Los Angeles, Calif.	78.4†	73.9†**	6.1
190	180	**Humana Inc.** Louisville, Ky.	78.2†*	80†*	−2.3
191	196	**K-Bob's Steak Houses Inc.** Dallas, Texas	77	70.6*	9.1
192	365	**The Mariner Corp.** Houston, Texas	75.4	33	128.5
193	194	**Benihana of Tokyo Inc.** Miami, Fla.	75	72	4.2
194	190	**Elby's Restaurants Inc.** Wheeling, W.Va.	75	75.4	−0.5
195	370	**MHM Inc.** Dallas, Texas	75	32.4	131.5
196	181	**The Marcus Corp.** Milwaukee, Wis.	74.7	79.5	−6
197	170	**Consul Restaurant Corp.** Minneapolis, Minn.	74**	86.9**	−14.8
198	160	**State of Missouri Div. of Purchasing** Jefferson City, Mo.	74†**	93.8†**	−21.1
199	182	**Service Master Co., Food Mgmt. Div.** Minneapolis, Minn.	73.3†	59.9†[R]	22.4
200	207	**U.S. Dept. of Justice, Federal Prison System** Washington, D.C.	72.8†	66†	10.3

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

RESTAURANTS & INSTITUTIONS

	Number of units		% of change	Organization highlights
	'86	'85		
	210	201	4.5	(Franchisor) Big changes for '86 were the opening of 13 full-service restaurants and a public stock offering made within the state of Calif. Planning to stake claim on Ariz. market this year.
	53	53	0	(Diverse restaurants) After going through multimillion-dollar LBO, TPR will look for continued success from Customer Service Audit Program and Hourly Employee Training Program.
	74	78	−5.1	(Lodging) Slated for '87 completion is $15MM renovation of New York's Regency. New Denver hotel combines Italian antiques with *cucina Italiana*. 10th birthday of Regency's Power Breakfast.
	20	18	11.1	(Lodging) Became subsidiary of Metropolitan Life Insurance Co. in 12/86, completing an acquisition project that began in '81. PC says it is committed to taking Doubletree nationwide.
	55	55	0	(Diversified franchisee) It's business as usual at Servico, which manages hotels for Holiday Inn, Sheraton as well as its own Royce units. Co. plans to continue growth in U.S. and Canada.
	359*	264*	36	(Diverse foodservice/lodging) Claiming to be fastest grower in moderate-price lodging segment, Days posted pre-tax earnings of $25MM for '86, while trying to squelch rumors of buyout.
	105	119*	−11.8	(Foodservice mgmt.) Big news for this college and university feeder last year was acquisition of 8 public restaurants in Texas, with goal of finding concepts that will work on college campuses.
	110	105	4.8	(Foodservice mgmt.) Co. implemented and expanded "guest services" programs geared toward upgrading client foodservice in acute-care facilities. Fy end 1/87.
	54	76	−28.9	(Diverse restaurants) Co. hosts a number of patrons at its 3 restaurant concepts: Bombay Bicycle Club, Smugglers Inn and Julie's Place. 17 restaurants were closed in '86.
	190	136	39.7	(Franchisor) Co. reorganized by regionalizing operations into 6 areas and hired regional managers for each. One free-standing unit is up in Puerto Rico; 53 traditional units added in U.S. in '86.
	47	36	30.6	(Franchisor) Co. cleaned house, named a number of new key execs (including Pres. Joe Ide) and opened 13 units in 14 months! Same-unit sales are up 10% over 85; co. profits up over 10%.
	350	382	−8.4	(Franchisor) Continued expansion with 18 U.S. and 16 intl. units this year. Remains close-lipped about where they will crop up next although 20 new units are planned for '87.
	118	107	10.3	(Diverse restaurants) Taco Bueno's biggest growth came in '84-'85. Last year, added 13. Plan same in '87. Co. plans to double size in 5 years. 4 Casa Bonitas did $15MM. 7 Crystal's, $9.6MM.
	162	160	1.3	(Health care) Formerly known as the Council Shared Services, co. does group purchasing for acute-care and extended-care facilities, and feeding the elderly programs. Fy end 3/87.
	87	87^{R}	0	(Health care) Although corp. sales remained fairly stable, earnings dropped 75%. Humana cites changes in health-care delivery for decrease. Bed counts down to 17,662 in '86 vs. 17,702 in '85.
	96	103*	−6.8	(Franchisor) Franchising still the focus, with 95 franchised units, 1 company owned, by year-end '86. K-Bob's hopes to franchise 20 more units in '87, expanding into Ariz., Colo. and Utah.
	104	30	246.7	(Diversified franchisee) An aggressive mgmt. contract program accounts for a huge increase in sales. Operations in 26 hotels, including Marriott ard Hilton, and 4 more hotels to be added in '87.
	46	44	4.5	(Full service) C'mon in, water's fine: 1 more Big Splash opens in '87, part of (public) Benihana National Corp. with 17 steakhouses. Benihana of Tokyo, (privately held) has 21. Fy end 3/87.
	74	72	2.8	(Diverse restaurants) No major expansion is planned; added 2 units in '86, just 1 slated for '87. 10 units accounted for about $12MM in sales. The other 64 doing business as usual. Fy end 4/87.
	60	44**	36.4	(Diverse foodservice/lodging) A co. that more than meets its promise. Said it would acquire at least 7 units in '86—added 16. Looks to add 20 units nationwide during '87. We believe.
	116	113	2.7	(Diversified franchisee) Plans for Big Boy and KFC Heritage units to open in Wis. in '87. Disruption caused by renovation of Sheraton in '86 caused decrease in customer count.
	38	48	−20.8	(Franchisee) Chi-Chi's franchisee moves out of Texas and the West Coast. Opened 16 units in Canada. 1 Chi Chi's El Pronto, located in a food court, offers a limited menu. Fy end 5/87.
	31	30	3.3	(Government institutions) Major goal for '87 is complete rewriting of meat specifications. No new facilities this year although a new correctional facility is on drawing board.
	105	84	25	(Foodservice mgmt.) Co. doubled number of units to over 200 with the 12/86 acquisition of American Food Mgmt. Co. The acquisition adds educational facility foodservice to operations.
	47	45	4.4	(Government institutions) Food costs now average $2.29 per inmate, per day, say Justice Dept. spokespersons. Training program for expansion into special medical diets in the works for '87.

INTENTIONAL
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400: RANKINGS

Resorts International fending off takeovers . . . Ditto Calny as Taco Bell parent PepsiCo sounds the knell of parting ways . . . Taco Time heads for Big Ben country . . . Pizza Management hums "home sweet home" to delivery . . . Nutrition Management Services gets Freshie (Co.) . . . McFaddin paring down night-club activities . . . Franchise Enterprises' sales remain as hardy as Hardee's . . . New York State Mental Health Offices debuts new cook-chill facility.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
201	199	**Princess Hotels Intl.** New York, N.Y.	72.8*	70	4
202	195	**Resorts Intl. Inc.** North Miami, Fla.	72*	72	0
203	—	**TCBY Ent. Inc.** Little Rock, Ark.	71	—	—
204	204	**The Happy Steak Inc.** Fresno, Calif.	70.9**	67.5**	5
205	203	**C.A. Muer Corp.** Detroit, Mich.	70	68**	2.9
206	274	**Dayton Hudson Dept. Store Co.** Minneapolis, Minn.	70	47.2	48.3
207	227	**Franchise Ent. Inc.** Rocky Mount, N.C.	70	57	22.8
208	198	**New York State Office of Mental Health** Albany, N.Y.	70†	70†	0
209	268	**Nutrition Mgmt. Services Co.** Kimberton, Pa.	70**	48	45.8
210	200	**Convenient Food Marts** Rosemont, Ill.	69.7**	69.7*	0
211	210	**Bill Knapp's Michigan Inc.** Battle Creek, Mich.	69.6*	64.9*	7.2
212	240	**Pizza Mgmt. Inc.** Del Rio, Texas	68.2	53.4**	27.7
213	232	**Cracker Barrel Old Country Store Inc.** Lebanon, Tenn.	68	55.8	21.9
214	290	**Interstate Hotels Corp.** Pittsburgh, Pa.	68	43.8	55.3
215	209	**Sonny's Real Pit Bar-B-Q Inc.** Gainesville, Fla.	68	65	4.6
216	206	**Calny Inc.** San Mateo, Calif.	67.8	67**	1.2
217	221	**Taco Time Intl. Inc.** Eugene, Ore.	67	60	11.7
218	211	**Summa Corp.** Las Vegas, Nev.	66.9*	64.3*	4
219	237	**McFaddin Ventures** Houston, Texas	66.7	54	23.5
220	215	**California State University Campuses** Long Beach, Calif.	66.2†**	63†**	5.1
221	261	**North Central Food Systems Inc.** Minneapolis, Minn.	65	49	32.7
222	202	**American Medical Intl. Inc.** Beverly Hills, Calif.	64.2†*	68.2†*	−5.9
223	242	**The Jan Cos.** Cranston, R.I.	63.3	52.3*	21
224	273	**Original Great American Chocolate Chip Cookie Co.** Atlanta, Ga.	63.1*	47.4*	33.1
225	219	**May Dept. Stores** St. Louis, Mo.	62.7*	60.5*	3.6

*R&I estimate **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

RESTAURANTS & INSTITUTIONS

	Number of units		% of change	Organization highlights
	'86	'85		
	34	52	−34.6	(Lodging) Opening of a Scottsdale, Ariz., hotel gives Princess a toehold in U.S. Royal Dine-a-Round Program lets Bermuda guests choose among 11 F&B outlets, not just main dining room.
	24*	24	0	(Diverse foodservice/lodging) Co. fended off takeover offers from Pratt and a Denver oilman. Meanwhile, founder James Crosby's estate agreed to sell controlling shares at $135 each.
	458	—	—	(Franchisor) Newcomer to the "400" opened 140 units in '85, 216 in '86, plans to reach 850 units by the end of '87. Current operations nationwide, Canada; looking at intl. expansion.
	102	102	0	(Franchisor) Don't let the number of units confuse you. Though Happy Steak stayed at 102 units, the company built 2 new divs.—Brook-Hill Restaurants and Brooks Ranch—by converting units.
	31	32	−3.1	(Diverse restaurants) Muer plans for '87 include 2 new units in Palm Beach, Fla., area, along with sale of 10 others. Co.'s '86 Lobstermania campaign won marketing excellence award.
	299	294	1.7	(Retail) Subsidiary Target Stores accounts for 50 units. Dayton Hudson is moving aggressively into foodservice with yogurt stores and grazing units. Fy end 1/87.
	95	70	35.7	(Franchisee) Ambitious Hardee's franchisee added 25 units last year; plans 30 more for '87. Concentrating growth efforts in Texas, La., Okla. with $21MM allotted for capital expansion.
	32	40	−20	(Government institutions) New cook-chill facility will enter design phase in '87 and will serve at least 5 facilities; similar facility planned for Queens. Also initiating computerized food ordering.
	161	50	222	(Foodservice mgmt.) A big buy: Co. acquired Freshie Co. with $25MM annual sales, and entered acute-care hospital market. 20 new units coming in '87. Fy end 6/87.
	1,306	1,214	7.6	(Retail) This Chicago-based co. was not too talkative this year. Co. did add 92 convenience stores to its portfolio, but sales figures remained flat.
	62*	60*	3.3	(Full service) Such a pleasant co. Every year it politely requests we not include them in our listing. Our estimates credit them with slow, steady progress. Units Midwest landmarks since '48.
	172	138	24.6	(Diversified franchisee) Texas-based franchisee of Pizza Hut and Taco Bell is moving into delivery. Will incorporate new Pizza Hut prototype into new and remodeled units. Fy end 7/86.
	47	45	4.4	(Full service) Offering country-style cooking and giftware, co. is now in 8 states. 3 units have opened in '87; 3 more are coming. New computer system feeds unit sales info to HQ daily. Fy end 8/86.
	87	12	625	(Diversified franchisee) Co. increased profitability through concept changes that reduced labor costs. Operates Marriott, Hilton, Sheraton, Radisson and independents. Will add 4 hotels in '87.
	79	66	19.7	(Franchisor) Working the barbecue pit is a fine art. To streamline training procedures Sonny's just completed a 52-min. training film. New smaller building design will enhance market penetration.
	158	128	23.4	(Diversified franchisee) Taco Bell operator fending off PepsiCo takeover threat. Credibility hurt by top mgmt. resignations, poor sales performance, La Petite Boulangerie's lawsuit.
	223	236	−5.5	(Franchisor) Family-owned chain pushing into England, eyeing Japanese potential. Future expansion planned for all states but pinning immediate growth on Calif. and Southeast, particularly Fla.
	48*	48*	0	(Lodging) Frontier, a Vegas operation with 5 restaurants, is changing the menu focus of its Branding Iron Steakhouse. When pressed for financial details, this gaming co. refused to deal.
	46	43	7	(Full service) Co. spent '86 paring down to its core nightclub business. The co. closed several clubs, abandoned its home-delivery food business. Plans to focus on nightclubs in '87.
	38	38	0	(Colleges) Campus foodservices experienced typical 5% increase in F&B purchase figures. Unit numbers stable—no increase over '85 figures and no additions planned for '87.
	65	60	8.3	(Franchisee) A Hardee's operator with units in 8 states, co. opened 5 stores in '86; 3 to come in '87. Will test express drive-thrus and inside play areas. Expansion plans: North Central U.S.
	122	133	−8.3	(Health care) After losing $95MM in revenues, organization has eliminated Group Health Insurance Div., Single Day Surgery Centers, Diagnostic and Inhalation Therapy Services.
	62	57*	8.8	(Diversified franchisee) Co. says its Burger Kings have $1MM AUVs, accounting for $60MM of revenues. Plans to triple size of 1-unit Acorn's concept by going into Eastern R.I. Fy end 9/86.
	406	225	80.4	(Franchisor) The name no longer says it all with addition of brownies, granola bars and new cookie flavors last year. Plans to continue growth at same level (about 50 units) and to go intl.
	375**	350	7.1	(Retail) Co. acquired Associated Dry Goods Corp. for $2,500MM. Included in deal were Lord & Taylor and L.S. Ayres. Venture foodservice and Famous-Barr restaurants show nominal growth.

400: RANKINGS

ED DEBEVIC'S
Short Orders/Deluxe

Magic Pan pulling new concepts out of the hat . . . Concept Development swings from franchisee to franchisor, ties knot with Pantera's . . . Lettuce Entertain You hits tip of the iceberg with 10 new management contracts . . . Del Webb tackles turmoil in the ranks . . . Unigate now shelling Prufrock's Black-eyed Pea . . . The odd couple wedding of the year: Beefsteak Charlie's and Bombay Palace at Lifestyle Restaurants.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
226	225	**Sybra Inc.** Dunwoody, Ga.	62	57.5**	7.8
227	—	**U.S. Restaurants Inc.** Norristown, Pa.	62**	—	—
228	216	**Universal Services Inc. Intl.** Seattle, Wash.	61	62.5	−2.4
229	230	**Buehler-Ruckriegel Inc.** Jasper, Ind.	60.3	56.8	6.2
230	245	**Famous Restaurants Inc.** Phoenix, Ariz.	60	51.5	16.5
231	217	**Magic Pan** San Francisco, Calif.	60	62	−3.2
232	—	**Pantera's Corp.** St. Louis, Mo.	60	—	—
233	260	**Rocky Rococo** Madison, Wis.	60	49.1	22.2
234	220	**Arthur Treacher's Inc.** Youngstown, Ohio	60**	60	0
235	276	**Lettuce Entertain You Ent. Inc.** Chicago, Ill.	60**	46	30.4
236	228	**State of Rhode Island Purchasing Div.** Providence, R.I.	59.9†**	57†**	5.1
237	238	**Rusty Pelican Restaurants Inc.** Irvine, Calif.	59.8	53.7	11.4
238	223	**North Carolina Dept. of Administration** Raleigh, N.C.	58.8†**	59.4†	−1
239	218	**Sea Galley Stores Inc.** Mountlake Terrace, Wash.	58.7	61	−3.8
240	277	**Mrs. Fields' Cookies** Park City, Utah	58.7*	45.5*	29
241	259	**Trefz Corp.** Bridgeport, Conn.	58.2*	49.8*	16.9
242	229	**Del E. Webb Hotels** Phoenix, Ariz.	58*	56.9	1.9
243	226	**Twenty-First Century Corp.** Englewood, N.J.	58*	57.5*	0.9
244	222	**U.S. Coast Guard** Washington, D.C.	56.8†**	59.6†	−4.7
245	231	**Helmsley Hotels** New York, N.Y.	56.5*	56.5*	0
246	241	**Eat'N Park Restaurants Inc.** Pittsburgh, Pa.	56	52.3	7.1
247	—	**Dept. of Public Welfare-Commonwealth of Pa.** Harrisburg, Pa.	56†**	—	—
248	272	**Prufrock Restaurants Inc.** Dallas, Texas	56*	47.5**	17.9
249	185	**Lifestyle Restaurants Inc.** New York, N.Y.	55.9	77	−27.4
250	279	**Forbco Mgmt. Corp.** Long Beach, Calif.	55	45.2	21.7

**R&I* estimate; **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

Number of units		% of change	Organization highlights
'86	'85		
104	92	13	(Franchisee) Arby's franchisee expanding into Texas, Mich., Pa., Md. and elsewhere, implementing franchisor's new smaller free-standing building design. Sales hit record high in 12/86.
51	—	—	(Diversified franchisee) Co. looking to add 3 Burger Kings and 5 Ponderosas during '87. Big sales increases at remodeled Ponderosas. Co. looking to buy 5 Rib-It units. Fy end 6/87.
211	152	38.8	(Foodservice mgmt.) As oil prices fell, so did profits for this remote-camp and offshore-rig specialist. Diverse locations saved USII from further loss. Negotiating to take over bankrupt competitor.
112	119	−5.9	(Diversified franchisee) Big plan for '87 is to continue remodeling Jerry's and Wendy's units and to build 4 more Long John Silvers. May add another Paco's unit. Sold off Sisters units in '86.
38	42	−9.5	(Full service) Refinanced existing $7.6MM debt. Presto! A $1MM infusion for working capital plus $3MM revolving credit for expansion. Opened Border Bar & Grill, new concept in Atlanta.
64	58	10.3	(Full service) Out of the Magic Pan into the fire: Privately owned co. has Charles and Michael Patel heating up change. Plan 8 to 15 new units in '87, MPs and casual concepts.
120	—	93.5	(Franchisor) Pizza purveyor debuts in the "400," has an agreement in principle to buy Pizza Inn. Co. opened less than 10 units in '86; future expansion depends on merger. Fy end 6/87.
114	94	21.3	(Franchisor) Co. showed healthy increase in sales in '86. One successful avenue of growth: joint-venture operations with 11 outside-owned units under RR's mgmt. Fy end 3/87.
215**	213	0.9	(Franchisor) Refocusing attention on aggressive self-franchising again. Already added 6 units as of 4/87 with more expansion planned. Sales remained same for third straight year.
32	21	52.4	(Diverse restaurants) LEY's Italian concept Scoozi (Chicago) is hot. 10 mgmt. contracts include Jim McMahon's, Wrigley Bldg. and the private LaSalle Club. Continued expansion coming.
294**	309	−4.9	(Government institutions) Deinstitutionalization brought about the drop in no. of facilities (hospitals, prison, training schools and homes for disturbed children) the purchasing div. serves.
19	19	0	(Full service) Co. growing slow but steady, with new units open in Arlington Heights, Ill. (9/86) and Glendale, Calif. (2/87). Another to open in Northern Calif. in fall '87. Fy end 8/86.
25	26	−3.8	(Government institutions) Purchaser for all state institutions (prisons, mental-health facilities, and drug and alcohol rehabilitation centers). State depts. distribute food to individual facilities.
49	51	−3.9	(Full service) Plans to solidify distinct niche as high-value restaurant. Instead of unit expansion, priorities will switch to cosmetic and equipment upgrades. 7 fewer units are in operation.
285	225	26.7	(Fast food) Move to acquire La Petite Boulangerie from PepsiCo is first foodservice move beyond cookie stores. Has licensed Mrs. Fields' name for chocolate sodas.
43*	42	2.4	(Franchisee) Talk to us, Trefz: All we know about this successful McDonald's franchisee is that its profits parallel those of corporate, which had another good year.
22	14[B]	57.1	(Lodging) Turmoil in the exec suite, as Pres. Thomas Arnold left after just 11 months and Chairman Robert Swanson reassumed total control. Restaurant expansion completed in Nev. properties.
35	35	0	(Franchisee) After holding at 35 units, this McDonald's franchisee plans 2 new stores for '87—one in N.J., the other in NYC. No other changes planned, besides the usual unit face lifts.
398	388	2.6	(Military) Experienced a major change in training: 12 regional teams have been centralized into 2 east and west divs. The effects: saves money and training; is more uniform. Fy end 9/86.
66	66*	0	(Lodging) Leona and Harry, overseers of a vast lodging and real estate empire, coped with allegations that they tried to reduce corporate taxes by charging off private projects to business.
45	44	2.3	(Full service) Rollout of in-restaurant bakeries will continue. Enlarging and remodeling existing sites. AUVs at $1.2MM. Co. plans to acquire new units within 100 miles of Pittsburgh.
36	—	—	(Government institutions) DPW centralizes specs, procurements and bills for each facility, but facilities make own purchases. Dept. includes mental-health facilities, hospitals. Fy end 6/86.
48	48	0	(Diverse restaurants) Co. purchased in late '86 by Unigate of London. 4 units opened in '86 and 7 or 8 (including licensees) to come in '87. New chairman is Wallace A. Jones. New ads.
51	61	−16.4	(Diverse restaurants) New Lifestyle: Plans under way to merge with Bombay Palace Restaurants Inc. will mean new corp. life for the now all-Beefsteak Charlie's chain.
31	28	10.7	(Franchisee) Customer counts increased more than 12% for this Sizzler franchisee. Extensive remodels are planned for '87, along with expansion of 4 more units.

400: RANKINGS

University of Wisconsin sends convenience to college . . . Jack's Food Systems takes on the giants in fast food and family dining . . . The scheduled turnaround for Victoria Station has derailed . . . The Good Stuff now comes in smaller packages as Wendy's Food Systems squeezes construction costs of new units.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
251	397	**International Foodservice Co.** West Roxbury, Mass.	55	29.5	86.4
252	253	**AMTRAK** Washington, D.C.	55**	50	10
253	256	**Bobby McGee's USA Inc.** Phoenix, Ariz.	55**	50**	10
254	235	**Campbell Soup Co.** Cherry Hill, N.J.	54.3*	54.3	0
255	264	**New York City Health and Hospitals Corp.** New York, N.Y.	53.8†	48.4†	11.2
256	297	**Indiana Dept. of Administration; Procurement Div.** Indianapolis, Ind.	53.2†**	42†**	26.7
257	326	**Houston Independent School District** Houston, Texas	53†**	37.8†	40.2
258	234	**Dade County Schools** Miami, Fla.	52†	55†**	−5.5
259	252	**Wendy's Food Systems Inc.** Columbus, Ohio	52	50.1	3.8
260	252	**Jack's Food Systems Inc.** Birmingham, Ala.	52**	50	4
261	251	**McCrory Stores** York, Pa.	52**	50*	4
262	294	**Peter Piper Inc.** Phoenix, Ariz.	51.7	42	23.1
263	267	**Atlanta Family Restaurants Inc.** Atlanta, Ga.	51	48	6.3
264	310	**Seafood Broiler Restaurants** Lakewood, Calif.	51	40	27.5
265	188	**Victoria Station Inc.** Larkspur, Calif.	51*	77*	−33.8
266	249	**Pizza Hut of Titusville Inc.** Wichita, Kan.	50.6	50.6	0
267	263	**Health Care Services of New England** Braintree, Mass.	50.4†	48.4†	4.1
268	373	**University of Wisconsin System** Madison, Wis.	50.4†	32.2†	56.5
269	197	**State of Connecticut, Purchasing Dept.** Middletown, Conn.	50.4†**	70†	−28
270	250	**State of Wisconsin** Madison, Wis.	50.4†**	50.4†	0
271	246	**Carter Hawley Hale Stores Inc.** Los Angeles, Calif.	50	51.4	−2.7
272	312	**Concept Development Inc.** Omaha, Neb.	50**	39.5*	26.6
273	368	**Theo H. Davies & Co. Ltd.** Honolulu, Hawaii	50**	33	51.5
274	262	**Fairmont Hotel Co.** San Francisco, Calif.	50*	49	2
275	287	**Palm Mgmt. Co.** New York, N.Y.	49.5**	44.5	11.2

**R&I* estimate, **company est., †commercial equivalent, (A) former data included non-foodservice sales, (B) adjusted method in reporting figures, (C) franchisees' sales est., (R) revised

	Number of units		% of change	Organization highlights
	'86	'85		
	35	25	40	(Franchisor) Pizzaria Uno's popularity is growing to the tune of $25MM over '85. Co. plans to win over the "Down Under" with openings in Australia and New Zealand. Fy end 9/86.
	344	344	0	(Transportation) A government-hired mgmt. firm, Amtrak is reviewing, modifying and upgrading foodservice. 344 units—dining cars, clubs cars, snack cars, lounge cars—now open.
	22	17	29.4	(Full service) New unit in Embassy Suites at San Francisco airport (open 12/86) may be co.'s top grosser in '87. More hotel restaurants planned. 2 Muncy units now open. Fy end 6/87.
	84	84	0	(Diverse restaurants) The "for sale" sign is up. 64-unit Pietro and 16-unit Annabelle's both on the block. Co. already closed its 4 McDoogals in '87. Call Pres. Frank Powell. Make him an offer.
	16	23	−30.4	(Health care) Centralization and computerization are the order of the day. The multikitchen concept is making way for the modern central concept. Fy end 6/87.
	37	37	0	(Government institutions) Still in the process of computerizing operation. About 80% on-line now, hope to be 100% by the end of '87. Continually trying to use government commodities.
	226	225	0.4	(Schools) National School Lunch Week, Texas School Lunch Week and American School Assoc. promotions were successfully used in '86. Supervisors beefed up. Fy end 5/87.
	281	260	8.1	(Schools) Computerization of food ordering and polling of POS terminals most important changes. Currently testing new recipes that use USDA-donated commodities. Fy end 6/87.
	80	74	8.1	(Franchisee) Wendy's second largest franchisee focused on "basic operations" in '86. In '87 will build 7 new units using a less-expensive building design—stucco vs. brick, smaller solarium, etc.
	97	97	0	(Franchisor) Sales are up and co. sees no reason to change a good formula. Unit number remains the same but menu additions including a blue-plate special will keep interest steady. Fy end 11/86.
	325	330	−1.5	(Retail) Co. continues to remodel units while closing marginal units. One concept, a 1950s diner, serves up burgers and blue-plate specials. Another offers fresh dough pizzas. Fy end 1/87.
	103	88	17	(Franchisor) Limited menu fast food is ticket for success for this family-oriented chain. Expanded to East Coast in '86 and plans 25 units for '87. Now operating more than 100 units coast to coast.
	39	33	18.2	(Diversified franchisee) Co. operates Shoney's and Village Inn Pizza Parlor concepts. Will open 5 Shoney's in '87, but no additional pizza units planned. Expansion plans: metro Atlanta.
	24	21	14.3	(Full service) San Francisco and San Diego are targeted for expansion; Orange County saturated. Radio-supported promotions lead to 20% increase in sales volume. Designed new menu in '86.
	24	55*	−56.4	(Franchisor) Fewer stations to stop at. After selling or closing 60 stores, co. is left with 1 Bonkers unit, 1 Quin's Mill and 22 Victoria Stations. Chapter 11 proceedings are under way.
	92	83	10.8	(Franchisee) New in-house training program is under way for PH franchisee. Goals include more efficient ordering and professional serving techniques. PC: Central Development Inc.
	409	201	103.5	(Health care) Name change from Hospital Services of New England occurred 1/86. Developing new areas for revenue growth including bakeries in cafeterias. Fy end 9/86.
	141	70	101.4	(Colleges) Increase in number of convenience store type operations and improvements in facilities major changes planned for '87. '86 showed trend toward a la carte food plans.
	200**	225	−11.1	(Government institutions) Dept. switched from federal-grade frozen fruits and vegetables to branded products; revised contract period on fresh fruits and vegetables from 1 week to 2 weeks.
	39	39[R]	0	(Government institutions) "Prime vendor initiative"—using 1 vendor to supply an institution with all of its food needs—is one way the state has reduced burgeoning inventory, helped cash flow.
	110	113	−2.7	(Retail) Neiman-Marcus, Broadway, Broadway Southwest, Thalhimers, Emporium/Capwell and Weinstocks contribute to co. earnings. Customer counts show a 3% decrease. Fy end 2/87.
	123	100**	23	(Diversified franchisee) Co. went from franchisee to franchisor. Unloaded Godfather's to tie knot with Pantera's. Merger with Pizza Inn brings unit count to more than 800.
	40	33	21.2	(Diversified franchisee) Taco Bell and Pizza Hut franchisee has thrived in tropics, now it's trying Great White North. In 2/87 bought 19 Huts in British Columbia. Wants to add 6-10 more.
	29*	29	0	(Lodging) With opening of Chicago and San Jose, Calif., hotels, this family-owned chain is taking an aggressive approach to expansion. 2 properties on East Coast are under consideration.
	11	9	22.2	(Diverse restaurants) Still in same family after 60 years, Palm opened 2 units in '86: The Palm (San Francisco) and The Hedges (Easthampton, N.Y.). Boston, Atlanta are being considered.

400: RANKINGS

VALLEY
FOOD SERVICE™

Schlotzsky's funds limited partnership for company expansion . . . Pizza King wows customers with model train drink delivery . . . Noble Roman's gets thumbs up signal after selling units over list price . . . Carousel Snack Bars waltzes off with Famous Ramos chain, eyeing more acquisitions for its dance card . . . Restaurant Management Service cheering Shoney's new billion dollar club membership . . . Valley Food Service Corp. taking the lay of the land for possible expansion in the South.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
276	295	**Harcourt Brace Jovanovich Co.** Orlando, Fla.	48.7	42	16
277	299	**Triton Investment Co. Inc.** Greensboro, N.C.	48.6*	41.9*	16
278	269	**Sanese Services Inc.** Columbus, Ohio	48.1*	48	0.2
279	—	**New Jersey Dept. of Corrections** Trenton, N.J.	47.6†**	—	—
280	271	**Sands & Co. Inc.** Marietta, Ga.	47.6†*	47.6†	—
281	244	**Triple T Hotel Mgmt. Corp.** Indialantic, Fla.	47.6*	51.7*	−7.9
282	332	**Restaurant Mgmt. Co.** Wichita, Kan.	47.4*	36.9*	28.5
283	278	**Valley Food Service Corp.** Jackson, Miss.	47.2†	45.4†	4
284	280	**Ohio Dept. of Rehabilitation & Correction** Columbus, Ohio	46†	45.1†	2
285	265	**Amfac Resorts Inc.** Flagstaff, Ariz.	45.7*	48.3	−5.4
286	288	**K&W Cafeterias Inc.** Winston-Salem, N.C.	45.3	44	3
287	285	**U.S. Army Medical Dept.** Falls Church, Va.	45.1†	45†	0.2
288	371	**International Onion** Carson, Calif.	45	32.4*	38.9
289	337	**Lincoln Hotels** Dallas, Texas	45	36	25
290	266	**Maid-Rite Products Inc.** Des Moines, Iowa	45	48.1	−6.4
291	283	**Noble Roman's Inc.** Bloomington, Ind.	45	45	0
292	300	**Schlotzsky's Inc.** Austin, Texas	45	41.5	8.4
293	292	**Carousel Snack Bars Inc. of Minnesota** Minneapolis, Minn.	45**	43.3**	3.9
294	284	**Pizza King Franchises Inc.** Lafayette, Ind.	45*	45	0
295	286	**California Dept. of Developmental Services** Sacramento, Calif.	44.8†	40.6†[R]	10.3
296	—	**Florida Dept. of General Services** Tallahassee, Fla.	44.8†	28†	60
297	293	**Ohio State Dept. of Mental Health** Columbus, Ohio	44.8†	42†	6.7
298	302	**Consolidated Coin Caterers Corp.** Charlotte, N.C.	44**	41.2	6.8
299	281	**Adam's Mark Hotels** St. Louis, Mo.	43.7	45	−2.9
300	275	**Standard Oil** Cleveland, Ohio	43.4*	46.2*	−6.1

**R&I* estimate, **company est., †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

Number of units '86	Number of units '85	% of change	Organization highlights
58	58	0	(Recreation) Batter up! Sea World operator now trying hand at Boardwalk and Baseball, opened in early '87 near Orlando, Fla. Will feature daily games and be spring home to K.C. Royals.
36*	32*	12.5	(Franchisee) As in previous years, this McDonald's and fast-food franchisee has politely refused to entertain any of our questions regarding sales, performance evaluation or future plans.
610*	600	1.7	(Foodservice mgmt.) Sanese, which provides foodservice for nursing homes, white-collar B&I, colleges and hospitals, celebrated 40th birthday in '86. Vending still represents primary income.
17	—	—	(Government institutions) The day of the deficit: Dept. ran a 10% deficit in fy '86. Dept. purchases for 17 public prisons, financed by state revenues. Has own bakeries, milk processing centers.
525*	525	0	(Foodservice mgmt.) Last year, Sands—an employee-dining contractor—shifted to its current tight-lipped position, leaving us in the dark. 80% of co.'s contracts are in vending.
34*	37	−8.1	(Diversified franchisee) Besides being Holiday Inns' largest franchise holder, co. is linked to several other chains. Spent $35MM on new construction last year.
88	79	11.4	(Diversified franchisee) Co. concentrates on managing restaurants, not talking about them. Operates 50 Pizza Huts, 28 Long John Silvers and 10 Grandy's. Fy end 4/87.
97	92	5.4	(Foodservice mgmt.) Revised quality and service standards program tied to new employee incentives. Expanding in-unit merchandising. Investigating expansion into Texas, Ga., Ky. and Mo.
0	29	−100	(Government institutions) Opened 1 central dining room in '86 with another due to open in '87 to eliminate satellites. 8 new institutions scheduled to open in '87, meaning 4,700 additional beds.
30*	30	0	(Diverse foodservice/lodging) Co. signaled preference for fun- and sun-loving crowd by selling business hotels in Dallas and Minneapolis, while keeping resorts in Ariz., Calif. and N.M.
19	18	5.6	(Full service) K&W plans to add 3 full-service cafeterias in '87. The units will be located in North Carolina. One cafeteria opened in '86. AUV $2.5 million. Average check per person $2.95.
51	51	0	(Government institutions) Renovations ongoing. Walter Reed Medical Center equipped with new kitchen early '87. New facility added at Evans Army Comm. Hosp. Fy end 9/86.
14	13	7.7	(Full service) Red Onion operator on the road back. After slight slide in '85, co. posted gain in '86 by decreasing emphasis of alcohol at its Mexican restaurants. Will add 1 unit in Southern Calif.
34	30	13.3	(Lodging) Opening Lincoln Hotel and University Conference Center 7/87 in Indianapolis. Will divest real estate in hotels and concentrate on expanding mgmt. contracts. Renovations continue.
127	157	−19.1	(Franchisor) Co. is remodeling with 1920s decor. Tin ceilings, black and white tile floors, and art deco touches are planned. Project 50 additional units in '87.
110	127	−13.4	(Franchisor) Brought in $3MM additional equity through private investments and sale of 6 units at well above list price. Remodeling existing units; adding 4 co. units. Fy end 1/87.
200	177	13	(Franchisor) Aggressive 3-part plan started in '86: funded $1.3MM private limited partnership for co. expansion; added 30 units in '86, 40 due in '87; strengthened co. mgmt. Fy end 6/87.
315	275	14.5	(Fast food) Acquired the 42-unit Famous Ramos chain 10/86. New units are located only in major Texas malls and cuisine is in keeping with Carousel offerings. Search is on for more acquisitions.
91	90	1.1	(Franchisor) Co. reports that restaurant redesign (which includes a model train to deliver drinks to customers at booths) is a hit. All 91 units are in Ind.; 8 were added in '86. Fy end 8/86.
11	11	0	(Government institutions) Because of distribution to numerous serving sites, mgmt. decided to switch 8 of 11 facilities to cook-chill operation to keep food hot. Continue to phase out lodging.
50	52	−3.8	(Government institutions) First-time "400" organization makes listing because of increase in Fla. prison space. Purchases for 30 prisons, 15 hospitals, 5 mental-health facilities. Fy end 6/87.
50	33	51.5	(Government institutions) Deinstitutionalization has stablized, so no marked increase or decrease in population expected this year. Dept. making 60% to 70% of purchases from central warehouse.
1,000*	974	2.7	(Foodservice mgmt.) Say so long to Consolidated Coin. Co. acquired by Canteen as '86 ended. Canteen absorbs co. that has been focusing on its catering operations as of late.
28**	24	16.7	(Lodging) Adam's Mark is changing pattern of 100% ownership; with $450MM in equity, future growth seen in limited-equity mgmt. contracts for independents. F&B sales of $52MM projected.
35	41	−14.6	(Franchisor) Co.'s subsidiary, Truckstops of America, acquired 1 new unit in Fort Smith, Ark. All are full-service truckstop restaurants called Country Pride. No new units planned for '87.

400: RANKINGS

SIRLOIN STOCKADE®

Southern Hospitality Corp. welcomes home delivery with Big O's Pizza . . . Trader Vic's remodels for natives in Beverly Hills, Calif., Washington, two other major markets . . . No room for Americana Hotels: The company is trying to sell its remaining hotel properties . . . Sirloin Stockade hopes to rustle up new franchises around the country.

Rank in the 400		Organization Headquarters	Foodservice volume in $ millions		% of change
'87	'86		'86	'85	
301	341	**Pancho's Mexican Buffet Inc.** Fort Worth, Texas	43.1	35.6	21.1
302	296	**Smith and Sons Foods Inc.** Macon, Ga.	43	42	2.4
303	322	**FMS Mgmt. Systems Inc.** North Miami Beach, Fla.	43**	38.5	11.7
304	252	**Southern Hospitality Corp.** Nashville, Tenn.	43**	50.1**	−14.2
305	309	**MTC Mgmt. Inc.** Campbell, Calif.	42.6	40.3	5.7
306	305	**Trader Vic's** San Francisco, Calif.	42.6*	41*	3.9
307	301	**The Evangelical Lutheran Good Samaritan Society** Sioux Falls, S.D.	42.5†	41.4†	2.7
308	319	**Consumer Food Services Inc.** East Brunswick, N.J.	42**	38.7	8.5
309	318	**MCL Cafeterias** Indianapolis, Ind.	42**	38.9	8
310	338	**Houston's Restaurants** Atlanta, Ga.	42*	36*	16.7
311	158	**Americana Hotels Corp.** Fort Worth, Texas	41.8*	94.6*	−55.8
312	311	**State of Hawaii School Foodservice** Honolulu, Hawaii	41.6†	39.5†**	5.3
313	289	**Restaurants Unlimited Inc.** Seattle, Wash.	41	44	−6.8
314	321	**Hamburger Hamlets Inc.** Sherman Oaks, Calif.	41**	38.6	6.2
315	314	**Dallas Independent School District** Dallas, Texas	40.6†	39.2†	3.6
316	384	**Phillips Seafood Restaurants** Ocean City, Md.	40.6	31	31
317	361	**State of Washington Government Institutions** Olympia, Wash.	40.6†	33.9†	19.8
318	308	**New York State Office of Mental Retardation** Albany, N.Y.	40.3†	40.6†	−0.7
319	282	**Dino's USA Inc.** Oak Park, Mich.	40	45	−11.1
320	381	**Michigan State University** East Lansing, Mich.	40†	31.2†**	28.2
321	352	**Sirloin Stockade Intl.** Hutchinson, Kan.	40	35	14.3
322	—	**Vall Ent.** Miami, Fla.	40	—	—
323	372	**Rowntree MacKintosh** Cleveland, Ohio	40**	32.3	23.8
324	334	**Southern Cafeteria Co. Inc.** Birmingham, Ala.	40**	36.2	10.5
325	—	**Pennsylvania Dept. of Corrections** Camp Hill, Pa.	39.7†	—	—

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

Number of units		% of change	Organization highlights
'86	'85		
42	40	5	(Diverse restaurants) Wall St. taking note as stock hits all-time high. Earnings up 30% every year since '79. Prediction: 25% minimum bottom line growth a year. *Olé!* Waved *ciao* to 2 Emiliano's.
55	54	1.9	(Diverse foodservice/mgmt.) Co. operates 19 cafeterias; manages 32 foodservice operations in hospitals, nursing homes, retirement homes and industrial plants; and 3 Shane's.
86	83	3.6	(Franchisee) Dinner business has tripled and by year-end co. will have remodeled all its IHOP units. Have also changed look with opening of 2 flat-roof prototypes complete with buffets.
62	65	−4.6	(Diversified franchisee) Wendy's franchisee sold 14 Mr. Gatti's and started Big O's Pizza Delivery in '86; 7 units open (in Tenn. and Ga.) as of 1/87. 8 units to come. Fy end 5/86.
101	84	20.2	(Franchisor) Passed 100th unit mark in '86. Looking for franchisees for Togo's Eateries in West. With AUVs at $430K, shouldn't have much trouble. Opened 16 units in '86. Fy end 3/87.
21*	21	0	(Full service) Taciturn Traders still mum on actual sales. Major renovations given 4 of 7 U.S. operations. Chicago, Washington, D.C., Beverly Hills, Calif., San Francisco sporting facelifts.
200	191	4.7	(Health care) The highlight of '86 was the decision to affiliate with 2 Lutheran Church bodies in '88. Calls for exchange of resources and services while allowing society to operate independently.
25	49	−49	(Franchisee) Biggest change for this Burger King operator has been dissolution of owning partnership, resulting in fewer units. After regrouping should continue expansion plans.
27	27	0	(Full service) MCL is going back to the ABCs. Full-service cafeterias feature wholesome, Midwestern-style foods. Cafeterias are located in mall, strip centers, free-standing locations.
15	13	15.4	(Full service) Chain units give the feeling of hospitable neighborhood taverns. Currently operates units in South and East but expanding into Midwest as well. 2 more units planned. Fy end 1/87.
24*	54*	−55.6	(Lodging) As part of complex restructuring plan, ailing Americana sold or revamped 11 properties during '86. That wasn't the end—at press time, co. was disposing of remaining 14 properties.
227	226	0.4	(Schools) Organization also provides meals to the Elderly Program and summer programs. More process commodities in menu will be used in '87. 63% of meals are full price. Fy end 6/87.
18	16	12.5	(Diverse restaurants) Expansion continues in full-service operations in Calif. Expanding cinnamon roll concept, Cinnabon. Also plans to open restaurants at Embassy Suite hotels.
24	23	4.3	(Full service) Three units opened in '86: Downtown Grill (Encino, Calif.); H. Hamlet (an upgraded HH in Encino) and Kate Mantilini's—a steakhouse—in Beverly Hills, Calif. Fy end 3/87.
183	180	1.7	(Schools) Several new schools planned for '87. 61% of meals served free; 32% full price. Black History Day and Cinco de Mayo special menu promotions in '86. Fy end 6/87.
6	6	0	(Diverse restaurants) An upside down organizational chart puts the customer first. Food costs at 40% show it tries to listen to customer. Concentrating on training and upscale service in '87.
36	34	5.9	(Government institutions) Prisons continue to reduce food cost through master menu plan. Plan holding costs below '82 levels. Also buys for veterans' hospitals, mental-health facilities.
20	25	−20	(Government institutions) Regional cook-chill facility enters design phase in '87. When built, facility will ship food to 5 NYC units. Will open 2 new units, remodel 6 others in '87.
200	185	8.1	(Franchisor) Hiring of director of franchise sales and formation of new mgmt. team gets this co. in gear for aggressive expansion in '87. Substantial advertising budget also approved. Fy end 9/86.
43	41	4.9	(Colleges) Continuing with major renovations to Kellogg Center while conference hotel sales continue to rise. Introduced nationally known fast-food outlets into MSU union. Fy end 6/87.
60	57	5.3	(Franchisor) Co. hopes to pull several franchisees into its pen with a new ad campaign. Also, new building design, separating dining from ordering area, will be used from now on.
17	—	—	(Diverse restaurants) Chain of mainly Spanish full-service restaurants includes La Caretta (5), Trianon (3) and the Copacabana, among others. Some units feature strolling musicians.
301	273	10.3	(Franchisor) Hot Sam's Pretzels franchises were sold to RM from General Host in '86. Co. opened 20 units in '86 and plans another 15 to 20 in '87. One unit was moved into Canada.
76	67	13.4	(Foodservice mgmt.) Co. changed name "to more clearly reflect the wide variety of foodservice that we provide," says Pres. Walter Berry. Manages 7 hospital accounts, 69 B&I. Fy end 9/86.
14	—	—	(Government institutions) PDC purchases food from itself: System has 4 farms, 1 meat-processing plant, 2 dairies, 2 beef-raising and 1 hog-raising operation. 2 new facilities opened in '86.

400: RANKINGS

FRONTIER ENTERPRISES

Wrather Corp. lost a little sales magic from its Disneyland Hotel despite record park attendance . . . Taco Tico got wheels by adding drive-thrus in its new prototypes . . . Legal Seafood makes expansion the law, while Seafood Shanty shores up its menu with new, more-available fish varieties . . . Frontier Enterprises settles down to work its claim in Texas.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
326	315	**State of Louisiana, Office of Purchasing** Baton Rouge, La.	39.2†	39.2†	0
327	247	**U.S. Marine Corps Military Clubs Branch** Washington, D.C.	39†	51†	−23.5
328	358	**Bobby Rubino's Place for Ribs USA Inc.** Fort Lauderdale, Fla.	39**	34.3	13.7
329	—	**Huddle House Inc.** Decatur, Ga.	38	—	—
330	—	**Jerry's Systems Inc.** Gaithersburg, Md.	38	—	—
331	389	**Legal Sea Foods Inc.** Boston, Mass.	38	30	26.7
332	330	**The Levy Organization** Chicago, Ill.	38	37	2.7
333	344	**Restaurant Mgmt. Service Inc.** Macon, Ga.	38	35.3	7.6
334	306	**Wrather Corp.** Beverly Hills, Calif.	38	41*	−7.3
335	325	**Elmer's Pancake & Steak House Inc.** Portland, Ore.	38**	38**	0
336	345	**Winegardner & Hammons Inc.** Cincinnati, Ohio	37.8	35.3	7.1
337	335	**School District of Philadelphia** Philadelphia, Pa.	37.5†	36.2†**	3.6
338	291	**Frontier Ent.** San Antonio, Texas	37	43.5	−14.9
339	333	**David's Cookies** New York, N.Y.	36.5*	36.6*	−0.3
340	336	**Country Kitchens of Wisconsin Inc.** Madison, Wis.	36	36	0
341	343	**Dietary Consultants Inc.** Hornell, N.Y.	36†	35.3†	2
342	316	**Texas Dept. of Mental Health & Mental Retardation** Austin, Texas	35.9†	39.2†	−8.4
343	317	**Brunswick Corp.** Skokie, Ill.	35.8	38.9	−8
344	349	**Bresler's 33 Flavors** Des Plaines, Ill.	35.8**	35	2.3
345	364	**OSF Intl.** Portland, Ore.	35.6	33	7.9
346	350	**Brigham's Inc.** Arlington, Mass.	35	35	0
347	320	**Cox Hotel Corp.** West End, N.J.	35	38.7	−9.6
348	355	**Seafood Shanty Restaurants** Bensalem, Pa.	35	35*	0
349	353	**Taco Tico Inc.** Wichita, Kan.	35	35	0
350	356	**The Boyd Group** Las Vegas, Nev.	34.9*	34.9	0

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

Number of units '86	'85	% of change	Organization highlights
39	38	2.6	(Government institutions) State prison system program allows facilities to grow, harvest and supply their own vegetables and produce. 12 hospitals and state schools operate on service contracts.
163	163	0	(Military) This branch took advantage of some National Restaurant Association workshops to train mgmt. personnel. Purchases were down but meals served increased 10% over '85. Fy end 9/86.
25	23	8.7	(Franchisor) Bobby Rubino's Place for Ribs has designated the customer's home as the place for ribs through a new delivery service added this year. Plans to build 2 new units by year-end.
129	—	—	(Franchisor) Plans in the huddle: 25 stores per year for the next 5 years, following a 16-store gain in '86. Full-service 24-hour breakfast house chain is concentrated in the Southeast U.S.
61	—	—	(Franchisor) Jerry's rigging: 61 Jerry's Sub & Pizza units, plus 6 franchised Jack's Corned Beef units, all on East Coast. Opened 7 units in '86. Acquired Backyard Burgers concept. Fy end 3/87.
5	5	0	(Full service) Aggressive expansion plans for '87, especially with mail-order catalog business. Also hope to nail down 2-3 more restaurant locations. 1 unit enlarged to hold 100 more guests.
27	24	12.5	(Diverse restaurants) Co. opened 3 new units in Sears Tower and a gourmet shop on Michigan Avenue. A Pan-Asian concept, a bistro and a deli are coming, plus 2 restaurants at Disney World.
36	34	5.9	(Diversified franchisee) Franchisee of Shoney's is enjoying success. Added 4 Shoney's plus 1 Captain D's and 1 Lee's Famous Recipes. Planning 7 more for '87 in Fla., Ga. and Pa. Fy end 10/86.
53	52	1.9	(Diverse foodservice/lodging) Record attendance at park has kept sales brisk at Spruce Goose, QE2 and Disneyland Hotel's 7 restaurants. Slight sales dip due to remodeling.
31	31	0	(Franchisor) Continued expansion primarily in West Coast area for '87. Multimedia campaigns were very successful. Rollout of new menu in '86 shows EPSH isn't just for breakfast anymore.
37	37	0	(Diverse foodservice/lodging) Full-service operations in Holiday Inn, Radisson and Ramada Inn hotels among others are thriving as co. experienced $2.5MM units.
254	255	−0.4	(Schools) Special menu promotions including Citrus Fruit Promotion and National Sugarless Day a success in '86. Installing electronic cash registers in '87. 93% of meals are free.
28	29	−3.4	(Diverse restaurants) No plans for new units in '87, co. will concentrate on maintaining the quality of its diverse Texas operations including a floating restaurant and one that revolves. Fy end 6/87.
200**	220	−9.1	(Franchisor) Completed its evolution from a cookie franchisor into a diversified specialty food co. For '87 to go even farther and have cookie dough in supermarkets.
60	60	0	(Franchisee) Continued remodeling of balance of units in state. Looking to branch out into Ill. in '87. Will introduce many new products this year, from a packaging standpoint. Fy end 10/86.
65	66	−1.5	(Foodservice mgmt.) Organization saw increase in purchases due in part to computerized menu selection coupled with computer production tally and nutritional info for each resident day.
27	27	0	(Government institutions) Computerized modified diet recipes and menus; converted to centralized, insulated tray assembly at 3 facilities; increased dietary fiber, lowered fat, cholesterol and sodium.
147	154	−4.5	(Diverse restaurants) Completely remodeled food facilities to be more efficient. Co. says it will try to "do better at what we do now" in '87. Mug and glass promo planned for '87. 4 new units to open.
325	335	−3	(Franchisor) Joint ventures are seen as best vehicles for expansion. Have opened 2 units in conjunction with Taco John's in Wyo. and Colo. Another project with c-store chain in the works.
24	23	4.3	(Full service) Co. reports a 5% increase in customer counts in '86. AUV is $1.5MM and sales are up. Co. plans to add 3 units and will construct a free-standing model in '87.
82	82	0	(Franchisor) Not much to report here. Co. that specializes in light lunches and ice cream simply said "use last year's figures." Scheduled several units for renovation to new, lighter interiors.
22	30	−26.7	(Lodging) Cost controls were the major project for this franchisee of several major hotel chains. Changes include computerized point-of-sale systems and manual daily counts from payroll.
14	14	0	(Full service) Takeout ad campaign helped increase '86 volume. Pressure in '87 to look for more varieties of seafood due to higher costs, decreasing availability. 1 or 2 new units in the works.
108	125	−13.6	(Franchisor) Added drive-thrus. Developed new prototype building. Going for a more authentic and contemporary image with a lighter stucco and tile exterior. 8 new units due in Kan. and Ark.
14	14	0	(Lodging) Co. is remodeling the Stardust. The convention center is to be razed to make way for a gambling museum, shopping center and diner along with an expansion of the casino.

400: RANKINGS

Arctic Circle thawing out after corporate restructuring . . . Pizza Hut franchisee Coulter Enterprises drops 13 units . . . Kansas prisons now raising own hogs . . . Happy Chef flipping over Ruttles '50s grill concept . . . Cask & Cleaver revenues sliced by $2.5MM, but El Gato Gordo business is purring . . . Corporate Food Services spreads white collar contract wings, moves into the Midwest, eyeing Washington, D.C.

Rank in the 400		Organization Headquarters	Foodservice volume in $ millions		% of change
'87	'86		'86	'85	
351	—	**Sonesta Intl. Hotels Corp.** Boston, Mass.	34.4*	26.8	28.4
352	—	**LaRosa's Inc.** Cincinnati, Ohio	34	—	—
353	366	**Shari's Mgmt. Corp.** Portland, Ore.	34**	33	3
354	348	**Arctic Circle Inc.** Salt Lake City, Utah	33.7	35	−3.7
355	—	**AmeriNet/Intermountain Health Care** Salt Lake City, Utah	33.6†	—	—
356	307	**State of Kansas Div. of Purchasing** Topeka, Kan.	33.6†	40.6†	−17.2
357	377	**Spire's Restaurants** Orange, Calif.	33.2	31.6*	5.1
358	359	**U.S. Beef Corp.** Tulsa, Okla.	33	34	−2.9
359	—	**Heidman Inc.** Akron, Ohio	32.9*	—	—
360	374	**Happy Chef Restaurants** Mankato, Minn.	32.5	32**	1.6
361	398	**Atlas Hotels Inc.** San Diego, Calif.	32	29.4	8.8
362	376	**Coulter Ent.** Wichita, Kan.	32	31.7*	0.9
363	—	**4B'S Restaurants Inc.** Missoula, Mont.	32	28	14.3
364	399	**Clock Restaurants Inc.** Lighthouse Point, Fla.	32*	29.4*	8.8
365	—	**Olga's Kitchen Inc.** Troy, Mich.	32	—	—
366	342	**AIFAM Ent. Inc.** Wichita, Kan.	31.7**	35.4	−10.5
367	—	**Casa Olé Restaurants & Cantinas** Houston, Texas	31.5	—	—
368	339	**The C&C Organization** Rancho Cucamonga, Calif.	31.3	35.9	−12.8
369	380	**United Inns Inc.** Memphis, Tenn.	31.3	31.3	0
370	—	**Rosewood Hotel Group** Dallas, Texas	31	—	—
371	360	**Spencecliff Corp.** Honolulu, Hawaii	31	34**	−8.8
372	395	**Munford Inc.** Atlanta, Ga.	31*	29.9*	3.7
373	313	**Corporate Food Services Inc.** New York, N.Y.	30.8†	28†^{R}	10
374	—	**Texas Dept. of Corrections, Food Service Dept.** Huntsville, Texas	30.8†	—	—
375	340	**Maryland Dept. of General Services** Baltimore, Md.	30.8†**	35.8†	−14

*R&I estimate; **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

Number of units		% of change	Organization highlights
'86	'85		
150	51	194.1	(Lodging) Co. has 150 F&B units divided among 11 hotels. Co. policy is one of slow and steady growth, with an additional 1 or 2 hotels annually. 3 hotels co.-owned, 2 franchised, 66 managed.
47	—	—	(Franchisor) Average checks at pizzerias run $9.10 for dining in, $7.75 for carryout and $10.30 for deliveries. 2 new units in Ky. and Ohio scheduled. All but 5 units are franchised.
36	35	2.9	(Franchisor) Co. keeping advertising expenditures to a minimum: $100K last year, same planned this year. Plans to open 1 Shari's 24-hour coffee shop in '87. PC: StratAmerica Corp.
112	111	0.9	(Franchisor) After purchase by Quaker State Oil in '86, corporate offices were restructured. 5 principle partners left to pursue their own business. Po Folks and AC units running smoothly.
150	—	—	(Health care) Purchasing group for hospitals and nursing homes opened 30 serving locations, closed 10 during '86. This newcomer to the "400" plans to fill in its Western markets.
25	28	−10.7	(Government institutions) Prison system raises own hogs, boasts its own pork-beef slaughtering operation. 30 inmates work a 4-day week. Plant ultimately will distribute to hospitals and universities.
27	25	8	(Full service) Dinner house operator now has central commissary in Anaheim, Calif., that has improved quality control. Already opened 1 Spire's Restaurant in '87, hoping for a few more.
71	71	0	(Franchisee) Licensee of Arby's will be doing some remodeling in '87. Opened 1 unit in 4/87, plans 3 more in Ark. and Okla. Combo meals and coupon specials will run. Metro Diner is doing well.
24	—	—	(Franchisee) Why is it that McDonald's franchisees rarely reveal more than name, rank and unit number? Is it something we wrote? Co. sales based on parent's '86 AUV.
51	51	0	(Franchisor) Co. opened the Ruttles 50s' Grill concept restaurant in '86. Continues to upgrade, remodel. Will invest $2MM for capital expansion; 1 to 3 units planned for '87. Fy end 5/87.
22	32	−31.3	(Lodging) Has as many concepts as units. The restaurants and themes range from casual to elegant at its 11 properties. Wants to open 1 property in '87. Sees banquet sales as strength.
67	80	−16.3	(Franchisee) The second year in the "400" shows this Pizza Hut franchisee is holding its own despite a 13-unit decrease in '86. It is retaining its right to privacy regarding plans for '87. Fy end 2/87.
27	26	3.8	(Diverse restaurants) Longtime Montana-based chain includes 18 4's Restaurants and 9 4B's Black Anguses. Renewed expansion program calls for 2 new units in Wash. and Mont.
40	41*	−2.4	(Full service) Family-style restaurant operator closed 1 unit, opened 3. '87 expansion calls for 2 to 3 new units. Building on its strength, co. says no mgmt. changes undertaken or planned.
38	—	—	(Franchisor) Full-service restaurant co. enters the "400" by adding 6 units in '86. Expansion plans call for 9 more units in '87, with growth targeted for Calif., Wash., D.C., Mich. Fy end 11/86.
78	85	−8.2	(Franchisee) Just like in the movie, this Godfather's franchisee reports it is doing whatever the boss wants it to do. Operates in Kan., La., Okla. and Texas. Unit count down 7 from '85. Fy end 2/86.
33	—	—	(Franchisor) Co. thrives deep in the heart of Texas. Plans to expand horizons east with 2 new units in La. 3 other '87 units planned. AUV just over $1MM. Co. owns 15 units, franchises the rest.
26	30	−13.3	(Full service) 25 Cask & Cleavers: $26MM. Sales down 32.5MM. 2 Lord Charley's held their own: $2.5MM. Expansion will focus on 2 El Gato Gordos where sales were up $500K.
40	40	0	(Franchisee) No movement reported by co. that almost exclusively operates Holiday Inns. Concentrations in Atlanta, Jackson, Miss., Dallas, and Houston. Others scattered in Ariz., Calif., Colo.
6	—	—	(Lodging) Super-upscale hotels include the Mansion on Turtle Creek (Dallas), Hotel Bel Aire (L.A.); restaurants match their hotels. Co. opened 1 unit in '86. Possibility of 1 more in '87.
26	25	4	(Diverse foodservice/lodging) Facelifts and complete renovations for every retail outlet scheduled for '87. Co. plans to aqcuire more units and will spend $1MM on advertising. Fy end 6/87.
801	785*	2	(Retail) Operator of Majik Mart convenience stores seems to be on the growth trend with 756 co.-owned and 45 franchised units operating in '86. The privately held co. reveals little else.
58	44	31.8	(Foodservice mgmt.) Contractor secured new account in Midwest. Marks first time outside N.Y.-N.J.-Conn. tri-state area. Looking to Wash., D.C. Forecast: 22% to 25% annual growth.
27	—	—	(Government institutions) Does purchasing on quarterly basis. Food shipped to central warehouse and distributed from there. Receives some government commodities and also grows some of its own.
33	32	3.1	(Government institutions) No major changes in '86 apart from the addition of another correctional facility. Each institution does its own menu and food prep based on federal guidelines.

400: RANKINGS

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
376	387	**U.S. Naval Medical Command** Washington, D.C.	30.6†	30.3†	1
377	369	**U.S. Air Force Medical Service** Andrews AFB, Md.	30.5†	32.6†	−6.4
378	375	**Sandwich Chef Inc.** Birmingham, Ala.	30	32**	−6.3
379	367	**State of Tennessee General Services** Nashville, Tenn.	30†	33†	−9.1
380	392	**Valentino's** Lincoln, Neb.	30	30	0
381	—	**Vie de France Restaurant Corp.** McLean, Va.	30	—	—
382	388	**Big 4 Restaurants, Inc.** Phoenix, Ariz.	30**	30	0
383	346	**Hospitality Intl. Inc.** Atlanta, Ga.	30**	35.2	−14.8
384	—	**JRN Chicken Stores** Columbia, Tenn.	30**	—	—
385	—	**The Management Group Inc.** Chicago, Ill.	30**	—	—
386	328	**G.D. Ritzy's** Columbus, Ohio	29.9	37.7	−20.7
387	—	**Busch Entertainment Corp.** St. Louis, Mo.	29.3*	27.4	6.9
388	—	**Allen & O'Hara Inc.** Memphis, Tenn.	29.2	23	27
389	303	**Monterey House Inc.** Houston, Texas	29	35R	−17.1
390	—	**Perk Development Corp.** Rochester, N.Y.	28.4	25.2	12.7
391	—	**Fairfax County Public Schools** Springfield, Va.	28.2†	25.5†**	10.6
392	393	**Hillsborough County School Board** Tampa, Fla.	28.1†	30†**	−6.3
393	390	**Numero Uno Franchising Corp.** Woodland Hills, Calif.	28	30	−6.7
394	—	**Pappas Restaurant Inc.** Houston, Texas	28	24*	16.7
395	—	**State of Tennessee, Dept. of Corrections** Nashville, Tenn.	28†	—	—
396	391	**Tem-Kil Co. Inc.** Nacogdoches, Texas	28**	30	−6.7
397	362	**CVI Service Group Inc.** Plainfield, N.J.	27	33.6†	−19.6
398	—	**The Pasta House Co.** St. Louis, Mo.	27	—	—
399	—	**Grand American Fare** Santa Monica, Calif.	26	—	—
400	—	**Pepe's Inc.** Chicago, Ill.	26	—	—

Sandwich Chef's R.C. Cooper delis continue to be customers' heroes . . . G.D. Ritzy's glitzy diners curtailing franchise hunt to fine-tune existing units . . . Valentino's falling in love with the take-out trend . . . Big 4 gearing up for top priority expansion . . . Fairfax County Schools' fully equipped kitchens feed 103,000 customers a day.

*R&I estimate **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

RESTAURANTS & INSTITUTIONS

Number of units '86	Number of units '85	% of change	Organization highlights
27	27	0	(Health care) Introduced a la carte menu pricing to cafeterias. Organization placing emphasis on medical mission role. Added calorie control items to menus. Fy end 9/86.
82	82	0	(Health care) AMS making sure enlisted personnel are well informed on nutrition as part of Health Promotion Program. Conversions to a la carte pricing continues. Fy end 9/86.
184	204	−9.8	(Fast food) R.C. Cooper delis are up and operating in office buildings and captive clientele is captivated. Co. opened 18 units in '86, plans another 7 in '87. Fy end 6/87.
42	46	−8.7	(Government institutions) Does central purchasing for all state agencies and institutions, including 18 correctional, 9 mental health, 9 park and 5 school facilities. Fy end 6/87.
39	35[B]	11.4	(Franchisor) Italian eateries joining takeout trend and expanding delivery and deli services. Refurbishing of units is ongoing; new color schemes. Fy end 3/87.
55	—	—	(Diverse restaurants) French-style operation serves from-scratch bakery products, soups, gourmet pizzas. Most stores in malls. 7 units under construction. Co. has plans to open in Wash., D.C., L.A.
14	15	−6.7	(Diverse restaurants) '87 will be big expansion year with 3 new units in Phoenix (Harvey's, Steamer's, Tom's Tavern) and 1—American Grill—in Mesa, Ariz. Will continue joint ventures.
218	160	36.3	(Lodging) Lots of units, little foodservice. Operates Red Carpet, Scottish and Master Host inns from Va. to Texas. Bought new Master Host Resort, new idea in condos, in '86.
70	—	—	(Franchisee) Co. operates for the Colonel through the heart of America, Ill. to N.C. KFC franchisee also has 1 full-service restaurant in motel. Splits ad dollars 50-50 between local and national TV.
15	—	—	(Franchisee) Operates full-service restaurants and coffee shops in 15 hotels (Sheraton, Holiday Inn, Ramada, Radisson, Days Inn and some independents). AUV for "400" newcomer is $2MM.
58	69	−15.9	(Franchisor) '50s style diners experienced a slow year but were able to reduce expenses by 33%. They will curtail pursuit of new franchisees and concentrate on refining current operations.
48*	45	6.7	(Recreation) Operates Busch Gardens in Tampa and Williamsburg, Sesame Place in Philadelphia and Explorer Starship cruises. More than 4MM folks took advantage of fun and food in '86.
24	24	0	(Foodservice mgmt.) Co. handles contracts at hotels, colleges. Reorganized to create retirement housing div. Expansion plans for Ohio Valley, Calif., Sun Belt. Plans to open 1 unit in '87.
61	64	−4.7	(Full service) Rough year for co. as it comes close to dropping from "400." Will be purchased by Brock Hotel Corp. 7/87. Co.'s Mexican restaurants in Texas, Okla.
28	22	27.3	(Franchisee) Co. made "400" for first time by posting 12.9% sales increase. Redesigned interiors, exteriors of their Perkins Restaurants. Installed computers to better track costs, sales and orders.
204	212	−3.8	(Schools) We welcome this thriving district back to "400." Opened 3 units, remodeled 3 units in '86. Wants to open 4, remodel 4 in '87. 89% of meals served are full price.
138	135	2.2	(Schools) Equipment upgrading, refrigeration, personnel training and staff development all on agenda for '87. Senior citizens, day-care centers also served by organization. Fy end 6/87.
62	65	−4.6	(Franchisor) 12 units and a $1MM capital expansion investment set for '87. "If you don't love it, you don't pay" ad campaign worked well in '86 for chain. '87 promo: "One bite and we gotcha."
13	12	8.3	(Diverse restaurants) Among the many concepts under new "400" co.'s roof: Pappas Seafood House, Brisket House Restaurants, The Strawberry Patch. Fy end 1/87.
32	—	—	(Government institutions) Organization enters "400" by handling central purchasing for all state agencies, including 18 correctional, 9 mental health, 9 park and 5 school. Fy end 6/87.
55	60	−8.3	(Franchisee) Co. in process of updating stores to fit in with new KFC image. In process of rebuilding and relocating, therefore no expansion planned for now. AUVs in the $500K range.
78	56	39.3	(Foodservice mgmt.) More than a third of co. revenues come from vending. Also operates in college and B&I markets. Considering expansion east to Pa. Fy end 10/86.
23	—	—	(Franchisor) Italian chain makes "400" debut. Serves pasta from 20 Pasta Houses and 2 Flamingo Cafes. Also owns Mike Shannon's Steak & Seafood Restaurant. Fy end 9/86.
32	—	—	(Diverse restaurants) New "400" member no longer saloon co. that serves food. '86 saw heavy emphasis on foodservice. Wants to add 1 unit in '87, 2 in '88. Units in Calif., Colo., Ariz., Neb.
62	—	—	(Franchisor) Final entry is newcomer to "400," but not to foodservice. Chain of Mexican restaurants in Chicago and nearby cities celebrating 20th birthday in '87. Plans to add 5 units in '87.

400: SEGMENT INDEX

COLLEGES

Organization	'86 sales
California State University Campuses	66.2†**
University of Wisconsin System	50.4†
Michigan State University	40†

DIVERSE FOODSERVICE/LODGING

Organization	'86 sales
Marriott Corp.	5,051.4*
TW Services	2,449.2*
Holiday Corp.	1,638.3*
Shoney's Inc.	1,198
Allegis	732.1†
Carlson Cos.	749.7
Carson Pirie Scott & Co.	465.7*
Nestle Enterprises Inc.	232*
Brock Hotel Corp.	228.6
Bally Manufacturing Corp.	217.4*
Trusthouse Forte Hotels Inc.	170
AIRCOA	95.2*
Days Inns of America Inc.	83.2*
MHM Inc.	75
The Marcus Corp.	74.7
Resorts Intl. Inc.	72*
Amfac Resorts Inc.	45.7*
Wrather Corp.	38
Winegardner & Hammons Inc.	37.8
Spencecliff Corp.	31

DIVERSE FOODSERVICE/MANAGEMENT

Organization	'86 sales
Morrison Inc.	652.2
Sky Chefs Inc.	398
Ogden Allied Services Corp.	370
Greyhound Food Mgmt. Inc.	350
M.W. Wood Ent. Inc.	106.8
Guest Services Inc.	100
Smith and Sons Foods Inc.	43

DIVERSE FRANCHISEES

Organization	'86 sales
Elias Brothers Restaurants Inc.	—— 416
Boddie-Noell Ent. Inc.	298
Po Folks Inc.	295.9
The Riese Organization	290
The Horn & Hardart Co.	256.5**
Shoney's South Inc.	200
Frisch's Restaurants Inc.	187.6
Winners Corp.	152.4
J.B.'s Restaurants Inc.	107.2
The Continental Cos.	94.5
W.B. Johnson Properties Inc.	91.8*
Servico Mgmt. Corp.	85
The Mariner Corp.	75.4
Pizza Mgmt. Inc.	68.2
Interstate Hotels Corp.	68
Calny Inc.	67.8
The Jan Cos.	63.3
U.S. Restaurants Inc.	62**
Buehler-Ruckriegel Inc.	60.3
Atlanta Family Restaurants Inc.	51
Concept Development Inc.	50**
Theo H. Davies & Co. Ltd.	50**
Triple T Hotel Mgmt. Corp.	47.6*
Restaurant Mgmt. Co.	47.4*
Southern Hospitality Corp.	43**
Restaurant Mgmt. Service Inc.	38

DIVERSE RESTAURANTS

Organization	'86 sales
Collins Foods Intl. Inc.	1,057.4
General Mills Restaurant Group Inc.	1,050
Investors Mgmt. Corp.	381
Pizza Inn Inc.	269.7
Restaurant Associates Industries Inc.	197.5*
Specialty Restaurants Corp.	181.1*
Western Steer-Mom'n'Pop's Inc.	171
Walgreens Food Div.	121.1
Trans/Pacific Restaurants Inc.	86.2
Associated Hosts Inc.	81.5
Unigate Restaurants Inc.	79.8
Elby's Restaurants Inc.	75
C.A. Muer Corp.	70
Lettuce Entertain You Ent. Inc.	60**
Prufrock Restaurants Inc.	56*
Lifestyle Restaurants Inc.	55.9
Palm Mgmt. Co.	49.5**
Pancho's Mexican Buffet Inc.	43.1
Restaurants Unlimited Inc.	41
Phillips Seafood Restaurants	40.6
Vall Ent.	40
The Levy Organization	38
Frontier Ent.	37
Brunswick Corp.	35.8
4B'S Restaurants Inc.	32
Vie de France Restaurant Corp.	30
Big 4 Restaurants Inc.	30**
Pappas Restaurant Inc.	28
Grand American Fare	26

FAST FOOD

Organization	'86 sales
White Castle System Inc.	268.5
Chick-fil-A Inc.	181.4
The Krystal Co.	174
Mrs. Field's Cookies	58.7*
Carousel Snack Bars Inc. of Minnesota	45**
Sandwich Chef Inc.	30

FOODSERVICE MANAGEMENT

Organization	'86 sales
ARA Services Inc.	2,632.3†*
Service America Corp.	1,001.9
Delaware North Cos. Inc.	250
Szabo Foodservice Co.	246.7†*
Food Concepts Inc.	225†
The Seiler Corp.	220.2*
Custom Mgmt. Corp.	202.6
Harry M. Stevens Inc.	168
Wom Ent. Inc.	147†
Club Corp. of America	140
dāka	128.9†*
Food Dimensions Inc.	126†
THF-Eastern	93.8†
Professional Food-Service Mgmt. Inc.	82.8†*
TrettCo Inc.	82.5†
Service Master Co., Food Mgmt. Div.	73.3†
Nutrition Mgmt. Services Co.	70**
Universal Services Inc. Intl.	61
Sanese Services Inc.	48.1*
Sands & Co. Inc.	47.6†*

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400: SEGMENT INDEX

FOODSERVICE MANAGEMENT (continued)

Organization	'86 sales
Valley Food Service Corp.	47.2†
Consolidated Coin Caterers Corp.	44**
Southern Cafeteria Co. Inc.	40**
Dietary Consultants Inc.	36†
Corporate Food Services Inc.	30.8†
Allen & O'Hara Inc.	29.2
CVI Service Group Inc.	27

FRANCHISEES

Organization	'86 sales
Harman Mgmt. Co.	140**
Carrols Corp.	120.1
National Pizza Co.	96**
RPM Pizza Inc.	93.5
RTM Inc.	90
Consul Restaurant Corp.	74**
Franchise Ent. Inc.	70
North Central Food Systems Inc.	65
Sybra Inc.	62
Trefz Corp.	58.2*
Twenty-First Century Corp.	58*
Forbco Mgmt. Corp.	55
Wendy's Food Systems Inc.	52
Pizza Hut of Titusville Inc.	50.6
Triton Investment Co. Inc.	48.6*
FMS Mgmt. Systems Inc.	43**
Consumer Food Services Inc.	42**
Country Kitchens of Wisconsin Inc.	36
U.S. Beef Corp.	33
Heidman Inc.	32.9*
Coulter Ent.	32
AIFAM Ent. Inc.	31.7**
United Inns Inc.	31.3
JRN Chicken Stores	30**
Perk Development Corp.	28.4
Tem-Kil Co. Inc.	28**

FRANCHISORS

Organization	'86 sales
McDonald's	12,400
PepsiCo Foodservice Div.	7,335.6
The Pillsbury Co. Restaurant Group	5,500
Wendy's Intl. Inc.	2,747.2
Imasco USA	2,268.8*
International Dairy Queen Inc.	1,723
Domino's Pizza Inc.	1,500
Denny's Inc.	1,335.8
W.R. Grace Restaurant Group	1,243.1*
Arby's Inc.	892.8
Ponderosa Inc.	770
Jerrico Inc.	763.9
Dunkin' Donuts Inc.	648
Foodmaker Inc.	639.5*
Church's Fried Chicken Inc.	577.7
Baskin-Robbins Ice Cream Co.	572.1*
Little Caesar Ent. Inc.	520
VICORP Restaurants Inc.	502.8
USACafes	480
Western Sizzlin' Steak House Inc.	454
A. Copeland Ent. Inc.	415
Carl Karcher Ent. Inc.	344.9**
Rax Restaurants Inc.	328.9
Chi-Chi's Inc.	315**
Carvel Corp.	291.5*
Sonic Industries Inc.	291
IHOP Corp.	264.1
Round Table Franchise Corp.	250
Whataburger Inc.	225
The Ground Round Inc.	225**
Waffle House Inc.	219.5*
Shakey's Inc.	196.9
Chili's Inc.	176
DeNovo Corp.	161*
Mister Donut of America	160.8
A&W Restaurants Inc.	150
Brown Derby Inc.	148
Orange Julius Intl.	147
Doctors Associates Inc.	140
Mr. Gatti's Inc.	131.2
Galardi Group	123.5
Ken's Restaurant Systems	120
Fuddruckers Inc.	118.4
Kettle Restaurants Inc.	114.8
El Chico Corp.	112.6
Mr. Steak Inc.	111.1
Brown's Chicken	108.1*
Del Taco Inc.	105**
Taco John's Intl.	100
Roma Corp.	100**
Pioneer Take Out Corp.	98
Druther's Intl. Inc.	96.9
Skipper's Inc.	94
Astor Restaurant Group Inc.	94**
International King's Table Inc.	93
Consolidated Products Inc.	90.7
Fosters Freeze Intl.	89
Sbarro Licensing Corp.	81.3*C
Red Robin Intl.	81
Swensen's Ice Cream Co.	80**
K-Bob's Steak Houses Inc.	77
TCBY Ent. Inc.	71
The Happy Steak Inc.	70.9**
Sonny's Real Pit Bar-B-Q Inc.	68
Taco Time Intl. Inc.	67
Original Great American Chocolate Chip Cookie Co.	63.1*
Arthur Treacher's Inc.	60**
Pantera's Corp.	60
Rocky Rococo	60
International Foodservice Co.	55
Jack's Food Systems Inc.	52**
Peter Piper Inc.	51.7
Victoria Station Inc.	51*
Maid-Rite Products Inc.	45
Schlotzsky's Inc.	45
Noble Roman's Inc.	45
Pizza King Franchises Inc.	45*
Standard Oil	43.4*
MTC Mgmt. Inc.	42.6
Dino's USA Inc.	40
Sirloin Stockade Intl.	40
Rowntree MacKintosh	40**
Bobby Rubino's Place for Ribs USA Inc.	39**
Jerry's Systems Inc.	38
Elmer's Pancake & Steak House Inc.	38**
Huddle House Inc.	38
David's Cookies	36.5*
Bresler's 33 Flavors	35.8**
Taco Tico Inc.	35
Brigham's Inc.	35
LaRosa's Inc.	34
Arctic Circle Inc.	33.7
Happy Chef Restaurants	32.5
Olga's Kitchen, Inc.	32
Clock Restaurants Inc.	32*
Casa Olé Restaurants & Cantinas	31.5
Valentino's	30
G.D. Ritzy's	29.9
Numero Uno Franchising Corp.	28
The Pasta House Co.	27
Pepe's Inc.	26

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400: SEGMENT INDEX

FULL SERVICE

Organization	'86 sales
Friendly Ice Cream Corp.	536.5
Piccadilly Cafeterias Inc.	225**
Bob Evans Farms Inc.	220
Luby's Cafeterias Inc.	215.1
Wyatt Cafeterias Inc.	195
Braum Ice Cream & Dairy Stores Co.	118.8*
Ryan's Family Steak Houses Inc.	105
Papa Gino's of America Inc.	104.1
Lyon's Restaurants Inc.	90.1
Benihana of Tokyo Inc.	75
Bill Knapp's Michigan Inc.	69.6*
Cracker Barrel Old Country Store Inc.	68
McFaddin Ventures	66.7
Magic Pan	60
Famous Restaurants Inc.	60
Rusty Pelican Restaurants Inc.	59.8
Sea Galley Stores Inc.	58.7
Eat'N Park Restaurants Inc.	56
Bobby McGee's USA Inc.	55**
Campbell Soup Co.	54.3*
Seafood Broiler Restaurants	51
K&W Cafeterias Inc.	45.3
International Onion	45
Trader Vic's	42.6*
MCL Cafeterias	42**
Houston's Restaurants	42*
Hamburger Hamlets Inc.	41**
Legal Sea Foods Inc.	38
OSF Intl.	35.6
Seafood Shanty Restaurants	35
Shari's Mgmt. Corp.	34**
Spire's Restaurants	33.2
The C&C Organization	31.3
Monterey House Inc.	29
Grand American Fare	26

GOVERNMENT INSTITUTIONS

Organization	'86 sales
U.S. Dept. of Agriculture, Food & Nutrition Service	3,215.5†
California Dept. of Corrections	155.9†
Baltimore Bureau of Purchases	145.6†
City of New York, Dept. of Procurement	143.1†
State of Oklahoma Central Purchasing	126†
New Jersey Dept. of Human Services, Food Industries	112.6†
Illinois Dept. of Central Mgmt. Services	99.8†
Commonwealth of Virginia	97†
California Dept. of Rehab, Business Ent. Program	90.9†
State of Missouri Div. of Purchasing	74†**
U.S. Dept. of Justice, Federal Prison System	72.8†
New York State Office of Mental Health	70†
State of Rhode Island Purchasing Div.	59.9†**
North Carolina Dept. of Administration	58.8†**
Dept. of Public Welfare-Commonwealth of Pennsylvania	56†**
Indiana Dept. of Administration; Procurement Div.	53.2†**
State of Connecticut, Purchasing Dept.	50.4†**
State of Wisconsin	50.4†**
New Jersey Dept. of Corrections	47.6†**
Ohio Dept. of Rehabilitation & Correction	46†
U.S. Army Medical Dept.	45.1†
California Dept. of Developmental Services	44.8†
Ohio State Dept. of Mental Health	44.8†
State of Washington Government Institutions	40.6†
New York State Office of Mental Retardation	40.3†
Pennsylvania Dept. of Corrections	39.7†
State of Louisiana, Office of Purchasing	39.2†
Texas Dept. of Mental Health & Mental Retardation	35.9†
State of Kansas Div. of Purchasing	33.6†
Texas Dept. of Corrections, Food Service Dept.	30.8†
Maryland Dept. of General Services	30.8†**
State of Tennessee General Services	30†
State of Tennessee, Dept. of Corrections	28†

HEALTH CARE

Organization	'86 sales
National Medical Ent. Inc.	280.5†
Beverly Ent.	280†**
Hospital Corp. of America	273.5†**
Veterans Administration	264.8†^{B}
National Purchasing Corp.	249.5†
Hospital Purchasing Services	135.8†
Unicare Health Facilities Inc.	126†
Veterans Canteen Service	104†
Adventist Health System	99†
Metropolitan Chicago Healthcare Council	91†
HRI-Purchase Connection	78.4†
Humana Inc.	78.2†*
American Medical Intl. Inc.	64.2†*
New York City Health and Hospitals Corp.	53.8†
Health Care Services of New England	50.4†
Florida Dept. of General Services	44.8†
The Evangelical Lutheran Good Samaritan Society	42.5†
AmeriNet/Intermountain Health Care	33.6†
U.S. Naval Medical Command	30.6†
U.S. Air Force Medical Service	30.5†

LODGING

Organization	'86 sales
The Sheraton Corp.	1,251.8*
Hilton Hotels Corp.	930.6*
Ramada Inns Inc.	737.9*
Hyatt Hotels Corp.	681.8*
Quality Inns Intl.	441.9*
Inter-Continental Hotels Corp.	381*
Omni Hotels Corp.	150.4
Prime Motor Inns	145*

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**R&I* estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

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LODGING (continued)

Organization	'86 sales
Hyatt Intl. Corp.	127
Red Lion Inns	125
Caesar's World Inc.	119
Rodeway Inns Intl. Inc.	99*
The Registry Hotel Corp.	92.6
Loews Hotels	85.6
Doubletree Inc.	85
Princess Hotels Intl.	72.8*
Summa Corp.	66.9*
Del E. Webb Hotels	58*
Helmsley Hotels	56.5*
Fairmont Hotel Co.	50*
Lincoln Hotels	45
Adam's Mark Hotels	43.7
Americana Hotels Corp.	41.8*
Cox Hotel Corp.	35
The Boyd Group	34.9*
Sonesta Intl. Hotels Corp.	34.4*
Atlas Hotels Inc.	32
Rosewood Hotel Group	31
The Management Group Inc.	30**
Hospitality Intl. Inc.	30**

MILITARY

Organization	'86 sales
U.S. Navy Food Service Systems Office	809.6†
U.S. Army Clubs and Recreation	715.1†
U.S. Army Troop Support Agency	700.8†
Army & Air Force Exchange Service	496.9†
U.S. Air Force Open Mess System	409.8†
U.S. Air Force	329.6†
U.S. Navy Officer's and Enlisted Mess System	222.4†
U.S. Marine Corps	206.6†
U.S. Coast Guard	56.8†**
U.S. Marine Corps Military Clubs Branch	39†

RECREATION

Organization	'86 sales
Walt Disney Co.	274.9
Harcourt Brace Jovanovich Company	48.7
Busch Entertainment Corp.	29.3*

RETAIL

Organization	'86 sales
The Southland Corp.	875.9*
K mart Corp.	646.2*
F.W. Woolworth Co.	175*
The Circle K Corp.	144.9*
Navy Resale and Services Support Office	125.5†
Dayton Hudson Dept. Store Co.	70
Convenient Food Marts	69.7**
May Dept. Stores	62.7*
McCrory Stores	52**
Carter Hawley Hale Stores Inc.	50
Munford Inc.	31*

SCHOOLS

Organization	'86 sales
New York City Board of Education	222.7†
Los Angeles Unified School District	165.5†
Chicago Public Schools	97.1†
Houston Independent School District	53†**
Dade County Schools	52†
State of Hawaii School Foodservice	41.6†
Dallas Independent School District	40.6†
School District of Philadelphia	37.5†
Fairfax County Public Schools	28.2†
Hillsborough County School Board	28.1†

TRANSPORTATION

Organization	'86 sales
Eastern Airlines	286.8†
Trans World Airlines Inc.	275†
Northwest Orient Airlines Inc.	112†
AMTRAK	55**

*R&I estimate; **company est.; †commercial equivalent.
(A) former data included non-foodservice sales.
(B) adjusted method in reporting figures.
(C) franchisees' sales est.; (R) revised

Original New York Seltzer:
CLEARLY...AWARD WINNING TASTE!

THE PLACE: Vintage '86 International Trade Show in Vancouver Canada; totaling 800 exhibitors.

THE CONTEST: 298 beverages square off fizz to fizz, flavor to flavor in a "double blind" taste test.

THE WINNER: When the bubbles had cleared, Original New York Seltzer had captured one gold, two silver, and three bronze medals.

ORIGINAL NEW YORK SELTZER CO. WALNUT, CA 91789 © 1987

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RESTAURANTS & INSTITUTIONS, a Cahners publication
1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080 Phone: 312/635-8800

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RESTAURANTS & INSTITUTIONS (ISSN 0273-5520) is published biweekly in national, demographic and separate editions by The Cahners Publishing Company, A Division of Reed Publishing USA, 275 Washington St., Newton, MA 02158-1630. William M. Platt, President; Terrence M. McDermott, Executive Vice President; David S. Wexler, Group Vice President; Jerry D. Neth, Vice President/Publishing Operations; J.J. Walsh, Financial Vice President/Magazine Division; Thomas J. Dellamaria, Vice President/Production and Manufacturing. Circulation records are maintained at Cahners Publishing Company, 270 St. Paul St., Denver, CO 80206-5191. Phone: 303/388-4511. Second-class postage paid at Denver, CO 80206-5191 and additional mailing offices. Postmaster: Send form 3579 to our Denver address. RESTAURANTS & INSTITUTIONS copyright 1987 by Reed Publishing USA. Saul Goldweitz, Chairman; Ronald G. Segel, President and Chief Executive Officer; Robert L. Krakoff, Executive Vice President. Annual subscription rates for non-qualified people: USA, $88; Canada/Mexico, $100; other countries, $125 for surface mail and $210 for air mail. Except for special issues where price changes are indicated, single copies of regular issues are available for $6, $8 and $10 (USA, Canada/Mexico and foreign). Please address all subscription mail to RESTAURANTS & INSTITUTIONS, 270 St. Paul St., Denver, CO 80206-5191.